

FBIS

DAILY REPORT

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RENMIN RIBAO VIEWS U.S. 'DOLLAR WEAPON'

HK070659 Beijing RENMIN RIBAO in Chinese 5 Aug 86 p 7

["Economic Jottings" by Zhang Liang: "The United States Wields Its 'Dollar Weapon'"]

[Text] Recently, there has been a noteworthy trend in U.S. economic policy on Western countries; that is, it actively urged West Germany and Japan to adopt measures such as lowering of interest rates and tariff rates in order to stimulate economic expansion and increase the import of U.S. goods. If refused, the U.S. would use means such as cutting interest rates in order to instigate the continued decline of the U.S. dollar. The American magazine NEWSWEEK has described Washington's move as "wielding the U.S. dollar weapon".

It all began with a secret meeting between the U.S. Federal Reserve Board Chairman Volker and his West German counterpart in early July. During that meeting, the United States urged West Germany to take concerted action to lower interest rates but was rejected by West Germany. After Volker returned from Bonn to the United States empty-handed, some top officials of the Reagan administration issued successive warnings, saying that a "currency war" would be launched against Western allies. Confronted with enormous pressure from the United States, West Germany did not relent, but clearly indicated that to ask West Germans to expand the economy or adopt short term measures to stimulate the economy is "groundless, impossible and irrational". On the contrary, it pointed out that the fundamental reason for weak U.S. economic growth lies in the United States itself. It is caused by Washington's huge budget deficits and not by the policies of foreign countries. Japan also resisted similar American demands.

At present, the reason the United States adopted a hardline attitude is entirely out of concern for its own economic interests. In the first half of 1986, under the favorable conditions provided by the sharp drop in oil prices, and a decline in interest rates as well as U.S. currency exchange rates, the U.S. economy nonetheless picked up only slightly, with growth at 2.4 percent, far below the Reagan administration's projection. Several economists blamed the slow economic growth mainly on the enormous rising trade deficits (it has been estimated that the figure will reach a high of \$160-170 billion this year). It is in precisely such a setting that Washington anxiously wields its "dollar weapon" to pressure West Germany and Japan to stimulate their economies, expand their imports and reduce their trade surplus with the United States so that the U.S. economy could be revitalized and a new recession be prevented.

Evidently, the U.S. hardline attitude put West Germany and Japan in a spot. If stimulating measures are adopted, there is a worry that they might spur inflation. If the U.S. demands are rejected, there is fear that the dollar would continue to drop sharply, and thus affect the export trade. However, whether the "wielding of the dollar weapon" by the United States could be effective is still hard to say.

REAGAN'S ANTI-DRUG CAMPAIGN EXAMINED

HK080633 Beijing RENMIN RIBAO in Chinese 7 Aug 86 p 6

["Jottings" by Liu Ban: "Reagan Launches an 'Anti-Drug War'"]

[Text] This week, President Ronald Reagan will launch a "nationwide anti-drug campaign." makes him launch a nationwide campaign? This is because drug abuse has become like a disastrous flood in the country, even though it is strictly forbidden. According to statistics, 60 percent of world drugs are sold in the United States; there are nearly 30 million "drug users" in the country; 80 percent of Americans have "tasted drugs" when they were between 20 and 30 years old; and every year the drug trade tops U.S. \$100 billion, exceeding the trade in any kind of farm product. In a recent interview with NEWSWEEK correspondents it is no wonder Ronald Reagan cried out in alarm: "Drugs are the No 1 problem in the United States."

To eradicate drugs in the past, the United States made efforts to "shut off sources" and its main thrust was made at the supply side of the drug trade by strengthening border patrols, arresting and jailing drug dealers and imposing strict penalties. It also checked drug smugglers with electronic devices at borders and even set troops to mop up drug bases in Bolivia. The efforts made to battle drugs are really painstaking, but they produce very little effect. Not long ago, two members of the House of Representatives disguised themselves as "drug dealers" on the streets of New York; as long as they made a gesture, a "bargain" was immediately struck. From this we can see how drug abuse runs wild in the United States.

At this time, Reagan attempts to attack the drug problem from a new angle: The demand side. He will combine the methods of moral persuasion, education and drug testing for key government workers in an attempt to zero in on the demand side. Reagan said: "It is my firm belief that the answer to the drug problem comes through winning over the users to the point where we take the customers away from the drugs."

However, in the "free world" like the United States, the problem is not easily solved. On this, a magazine commented: "The President's plan is sure to be attacked on all sides -- for going too far and not going far enough." Even Reagan's aides have had trouble agreeing on a strategy. Some want to "enforce mandatory testing," but others say that "this treads heavily on personal privacy and civil liberties." Some even call for the "death penalty" for drug dealers. A critic put it well when he said: "There is clearly no magic solution, and the task will not be done overnight."

It seems that Reagan's drug-eradication program is a formidable task. However, many people hope that the new President-led crusade against drug abuse will yield results. If it does so, the United States will be very fortunate indeed.

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PRC INTERNATIONAL AFFAIRS
SOVIET UNION

C 1

SOVIETS PROPOSE NUCLEAR FACILITY SUPPLY TO PRC

OW101043 Tokyo KYODO in English 1034 GMT 10 Aug 86

[Text] Beijing, Aug. 10 KYODO -- The Soviet Union has proposed the export of its nuclear power generating facilities to China, Eastern bloc sources said here Sunday. Whether China has already made a decision on the introduction of the Soviet-made facilities remains unknown. But the sources said that China is very interested in the Soviet proposal and that the two countries have agreed to continue discussions on cooperation in nuclear power generation.

According to the sources, the Soviet proposal was made when a Chinese delegation visited the Soviet Union between June and July to study atomic power generating facilities at various locations and exchange views on bilateral cooperation in nuclear energy. The visit of the delegation, headed by Huang Yicheng, vice minister of the State Planning Commission, was said to have been proposed by the Soviet Union in March when the two countries held a meeting in Beijing on bilateral cooperation in the areas of economic, trade and science and technology. The sources said that the Chinese delegation was briefed by Soviet officials on the April 26 Chernobyl nuclear plant accident in the Ukraine.

CHINESE ECONOMIC AND TRADE FAIR IN MOSCOW LAUDED

TASS Comments

OW090556 Beijing XINHUA in English 0543 GMT 9 Aug 86

[Text] Moscow, August 8 (XINHUA) -- The Soviet official news agency TASS today lauded the Chinese economic and trade exhibition in Moscow as an "exceptional success" since its opening July 25. TASS said the exhibition, the first of its kind in 33 years, is "a testimony to the improvement in the relations between two countries." Nearly 250,000 Soviets have visited the fair, TASS said.

TASS quoted a visitor as saying, "Our friendship is being restored and I'm glad to see the fresh achievements made by the industrious Chinese people." An engineer from Kiev was also quoted as saying that he hopes to see "more Chinese goods in our shops." The TASS story lauded the variety of goods displayed at the exhibition, including electronic computers, silk products, vacuum flasks, machine tools, tea sets and television sets.

Valentin Porfirjev, an official at the Soviet Trade Center, told TASS that the exhibition has displayed the great potential of China's exports. He said Soviet foreign trade departments are particularly interested in Chinese electronic technology, medical instruments and daily utensils, and have started business talks with their Chinese counterparts at the exhibition.

IZVESTIYA Report

OW080735 Beijing XINHUA Domestic Service in Chinese 0750 GMT 6 Aug 86

[Text] Moscow, 5 Aug (XINHUA) -- The Soviet paper IZVESTIYA this evening published a report, entitled "Our Guest - China," praising the Chinese economic and trade exhibition being held here as a reflection of the achievements in China's modernization efforts.

The report said: Despite the numerous items on display, the whole exhibition looks simple and neat, embodying the famous oriental principle that "to be superfluous is to be ugly." This is attributable to the hard efforts spent by the Chinese artists and art designers. Many of the exhibits, including those of numerically controlled machine tools, models of space rockets and satellites, color television sets, and radios, leave an unforgettable impression on the visitors, and in particular a computer-operated sewing machine is a novelty to them. Chinese silk fabrics, which account for 40 percent of the world's total silk export, are also drawing great attention. Many people are attracted by the unique charm of such exhibits as ivory and stone carvings and pictures made of feathers and shells, all of which have an age-old tradition.

The report said that in the last few years the PRC has made considerable achievements in economic construction, and that the Soviet people are seeing at Sokolnikiy Park the fruitful results of the work done by the industrious and intelligent Chinese people for the modernization of their country.

Ryzhkov Visits Exhibits

OW100618 Beijing in Russian to the USSR 1800 GMT 7 Aug 86

["Correspondent's report" from Moscow on the visit by N. Ryzhkov, Chairman of the USSR Council of Ministers, to the PRC economic and trade exhibition]

[Text] On 2 August N. Ryzhkov, chairman of the USSR Council of Ministers; Medvedev, secretary of the CPSU Central Committee; and other Soviet leaders, accompanied by Li Zewang, PRC ambassador to the Soviet Union, visited the PRC economic and trade exhibition in Moscow. For more than 1 hour, Chairman Ryzhkov and other honored guests examined in detail all areas of the exhibition and asked questions of the Chinese workers there.

At the State Association of the Shipbuilding Industry of China section, workers told the honored guests that since its founding in 1980, the association has exported 25 different types of ships totaling more than 1.5 million tons to 16 countries and regions. The association has also built 10 offshore oil drilling platforms, exporting 3 of them to foreign countries. Learning that China is capable of building vessels for transporting timber, Chairman Ryzhkov said that in accordance with the Soviet-Chinese trade agreement, the Soviet Union supplies large quantities of timber to China. He said transportation is too slow, and the development of trade in this field can be speeded up if China provides vessels for transporting timber. He said that when Talyzin, first deputy chairman of the USSR Council of Ministers and chairman of the USSR State Planning Committee visits China in September this year, the two countries can discuss this question.

Chairman Ryzhkov, who is a machinebuilding specialist, showed great interest in precision machine tools at the exhibition. Noting that the Chinese machine tools are equipped with programmable controls from Yugoslavia, Japan, and West Germany he inquired about specific forms of cooperative production between China and other countries. When Chinese comrades explained, Chairman Ryzhkov nodded his head.

The products of PRC local and textile industries attracted the attention of the important guest at the exhibition. Chairman Ryzhkov approached the knitwear display and told Chinese comrades that Soviet people like Chinese garments and that every person in the Soviet Union probably has one. He expressed a wish that China export even more textile goods to the Soviet Union.

A Ming Dynasty copper bowl reproduction with four fish on the bottom is on display at the exhibition. The bowl has two handles. When the handles are rubbed with moist palms for a few minutes, a fountain effect and the impression that the fish are playing in the water is produced. The fountain effect is accompanied by pleasant sounds. Nikolay Ryzhkov said with a smile: I have seen the bowl on television. Ryzhkov asked with great interest about the kind of bowl it is. The Chinese comrade explained that it was a recreational and sports tool for emperors in ancient China. The guests found the reproduction remarkable.

Chinese thermos bottles in their original shapes and bright colors aroused even greater interests among the Soviet leaders, who stopped long at that display. Ryzhkov asked for details on the level of mechanization in thermos bottle production in China. Learning that the entire production process has been mechanized, Ryzhkov smiled and said Soviet people became used to Chinese thermos bottles beginning in the 1950's. He suggested building a factory in the Soviet Far East. Chinese Ambassador Li Zewang noted that was a very good suggestion and that it can already be [word indistinct]. Ryzhkov, chairman of the USSR Council of Ministers, said it must produce not just bottles but it must produce bottles as fine as those displayed at the exhibition.

After visiting the exhibition, Ryzhkov, Medvedev, and other Soviet leaders watched a performance by a group of [word indistinct] of the Chinese silk company. Before leaving the exhibition hall, Ryzhkov, chairman of the USSR Council of Ministers, expressed hope to Chinese Ambassador Li Zewang for the further development of friendly relations between the USSR and China in various fields.

USSR TO PUBLISH CHINESE LITERARY SERIES

OW081318 Beijing XINHUA in English 1159 GMT 8 Aug 86

[Text] Moscow, August 8 (XINHUA) -- A Russian translation of Chinese works of literature will be published beginning next year in the Soviet Union. A 40-volume collection of some of China's best literature, including poems and novels, written over the past 3,000 years will be offered by the Moscow publishing house "Literature Works". Each volume will be illustrated with reproductions of famous Chinese paintings.

The first volume comprises "The Book of Songs", China's earliest collection of poems and songs compiled during the "spring and autumn period" (770-476 B.C.), and works by Tao Yuanming, a great poet of the Eastern Jin Dynasty (A.D. 317-420). Half of the series will be classical works, some of which will be translated into Russian for the first time. The contemporary part will begin with the writing of Lu Xun (1881-1936). The 40-volume set should be completed in 10 years, and 100,000 copies will be printed.

USSR TO CONDUCT MISSILE TESTS IN PACIFIC

OW100106 Beijing XINHUA in English 0048 GMT 10 Aug 86

[Text] Moscow, August 9 (XINHUA) -- The official Soviet news agency TASS reported Saturday that the Soviet Union would conduct missile tests in the Pacific Ocean from August 12 to 22. TASS said the targeted area for the upcoming tests was a 110 nautical mile-radius centred at 15 degrees 30 minutes latitude north and 177 degrees longitude east, roughly 800 kilometers off the Marshall Islands. TASS warned governments of other nations using the waterways and airways in the Pacific to stay away from the targeted area during the test period from 6:00 a.m. to 7:00 p.m.

LIU SHUQING REPORTED IN MONGOLIA FOR TALKS

OW090004 Beijing XINHUA in English 2355 GMT 8 Aug 86

["China, Mongolia Discuss Bilateral Relations" -- XINHUA headline]

[Text] Ulaanbaatar, August 8 (XINHUA) -- Chinese Vice Foreign Minister Liu Shuqing continued talks today with his Mongolian counterpart D. Yondon to discuss bilateral relations and some international issues.

Liu arrived here at the invitation of the Mongolian Ministry of Foreign Affairs yesterday afternoon and had talks with the Mongolian first vice foreign minister immediately afterwards.

At a banquet hosted by Yondon in his honor last evening, both sides expressed wishes to improve relations between the two countries.

Consular Treaty Signed

HK100824 Beijing XINHUA Hong Kong Service in Chinese 0151 GMT 10 Aug 86

[Text] Ulaanbaatar, 10 Aug (XINHUA) -- A consular treaty between the People's Republic of China and the Mongolian People's Republic was signed in Ulaanbaatar, capital of the MPR, on the morning of 9 August.

This is the first consular treaty to be signed between China and Mongolia. The treaty says that China and Mongolia "have decided to conclude a consular treaty based on their desire to develop relations of friendship, cooperation, and good-neighborliness between the two countries, in order to strengthen consular relations and protect the interests of the two countries and their citizens."

Liu Shuqing, PRC vice minister of foreign affairs, who is currently visiting Ulaanbaatar, and Yondon, first vice minister of the Mongolian Ministry of Foreign Affairs, signed the treaty on behalf of their governments.

Following the signing, Mongolian Foreign Minister Dugersuren met with Liu Shuqing. On the same day, Liu Shuqing called on Tsebegmid, vice chairman of the Mongolian Council of Ministers. During these meetings, the two sides expressed their common desire to further develop the good-neighborly relations between the two countries. They also said that the newly-signed consular treaty will contribute to furthering the traditional friendship between the two peoples.

Liu Shuqing arrived in Ulaanbaatar for a friendly visit on 7 August at the invitation of the Mongolian Ministry of Foreign Affairs. During his visit, he had a full exchange of opinions with First Vice Foreign Minister Yondon on developing bilateral relations and on certain international issues of common concern. He also visited some factories, enterprises, and cultural facilities in Ulaanbaatar.

Liu Shuqing and his party left here for home by train on 10 August.

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PRC INTERNATIONAL AFFAIRS
NORTHEAST ASIA

PRC TRADE FAIR IN TOKYO CLOSING 10 AUGUST

OW101608 Beijing XINHUA in English 1559 GMT 10 Aug 86

[Text] Tokyo, August 10 (XINHUA) -- The largest Chinese export product exhibition ever put together closed in Tokyo today after a successful 14-day run.

The exhibition, which opened July 28, featured Chinese export items as well as business seminars and the show gave more than 110 trading firms and industries from China's 24 provinces, cities and autonomous regions ample opportunity to meet with Japanese business people. The exhibition was designed to boost mutual understanding and promote China's exports to Japan.

More than 30,000 people visited the show, including about 1,000 business people from Australia, the United States, Thailand and Malaysia. Approximately 110 million U.S. dollars worth of business was done at the exhibition, including large deals in grain and nonferrous metals.

PATENT OFFICE SIGNS AGREEMENT WITH JAPAN

HK090520 Beijing CHINA DAILY in English 9 Aug 86 p 2

[By staff reporter]

[Text] The Japanese International Cooperation Agency and the Patent Office of China signed an agreement in Beijing yesterday, providing China with the latest medium-sized computer system. Under the four-year pact, 20 Chinese technicians will also be trained in Japan.

The computer system will be installed in Beijing by 1988.

During the co-operative period, the computer will be mainly used for training personnel. Later, it will be used as a patent administration system, Ge Bo, Deputy Director General of the Patent Office of China told CHINA DAILY.

China also intends to establish a data base on world patent documents in Chinese to give technicians and engineers access to advanced world technology more easily, he said.

This is the first patent cooperative project between Japan and China, according to Masaru Umeda, engineer general of the Japanese Patent Office.

The computer would contribute to the establishment of China's automatic retrieving system in the future, he said.

Japan also hoped to co-operate with Chinese counterparts in patent examination and exchange views on protecting patent rights in newly developing industrial fields, he said.

MASS MEETING IN NANJING WELCOMES DPRK DELEGATION

OW081152 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 7 Aug 86

[Excerpts] The Jiangsu Provincial CPC Committee held a mass meeting at the People's Theater in Nanjing on 7 August to warmly welcome the delegation of the Workers Party of Korea [WPK] Dangwon Provincial Committee led by Yim Hyong-ku, responsible secretary of the committee. Attending the meeting were Secretary Han Peixin and Deputy Secretary Shen Daren of the provincial party committee; Jiangsu Vice Governor Chen Huanyou; Liu Lin, chairman of the provincial Advisory Committee; He Binghao, vice chairman of the Standing Committee of the provincial Peoples Congress; (Gao Shenghua), deputy secretary of the Nanjing City CPC Committee; and responsible persons of relevant departments and representatives of people of all walks of life, totaling more than 1,000 people. [passage omitted]

Comrade Han Peixin spoke at the meeting. On behalf of the Jiangsu Provincial CPC Committee, the provincial government, and all the people in the province, he extended warm greetings to the visiting responsible secretary of the WPK Kangwon Provincial Committee, Yim Hyong-ku, and all the members of the delegation. Comrade Han Peixin said: Chinese-Korean friendship has a long history. In the protracted struggle against imperialism, our two parties and peoples have supported each other, and fought shoulder to shoulder and shared weal and woe with each other. We are as closely related as lips and teeth. Like other provinces and cities throughout the country, we in Jiangsu attach great importance to strengthening and developing the long-tested Chinese-Korean friendship. With the solicitude of the CPC Central Committee and the WPK Central Committee, Jiangsu Province and Kangwon Province established fraternal relations in 1984, opening up an even broader vista in further developing cooperation between the two sides.

Later, amid prolonged applause, Yim Hyong-ku, head of the Korean delegation, made a speech. First of all, he thanked the Jiangsu Provincial CPC Committee and the people in the province for the hospitality accorded the Korean delegation. He said: Although Jiangsu and Kangwon are far apart geographically, the peoples of two provinces are close friends. The traditional Korean-Chinese friendship has been further developed and consolidated during the common struggle waged by the peoples of the two countries. Under the leadership of the CPC, the fraternal people of Jiangsu have triumphantly fulfilled the various targets set in the Sixth 5-year Plan and are working hard to fulfill the targets set for the Seventh 5-year Plan and achieve the magnificent goal of quadrupling the total output value of industry and agriculture by the turn of this century. Right now, they have already successfully obtained initial results. We wish to extend to them our sincere congratulations in this regard.

At the meeting, both the Korean and Chinese sides presented each other with souvenirs. After the meeting, literary and art workers from Jiangsu Province and Nanjing City performed dances and acrobatics, receiving warm applause from the audience.

XINHUA DENIES PRC FLOATING MINES DOWN SRV RIVERS

OW081226 Beijing XINHUA in English 1154 GMT 8 Aug 86

["Commentary: Vietnam Is Spreading Anti-China Rumors (by Tang Tianri)" -- XINHUA headline]

[Text] Beijing, August 8 (XINHUA) -- Through its mass media, Vietnam has recently spread rumors that Chinese frontier guards were killing Vietnamese civilians by laying green plastic mines -- marked 625A -- in Vietnamese rivers.

This is pure fabrication and vicious slander against China by the Vietnamese authorities. According to an authoritative source here, China has no such mines, let alone their use by Chinese frontier guards. If there were mines in Vietnamese rivers, they could be only made and laid by the Vietnamese authorities themselves to kill those Vietnamese civilians who had crossed the border to buy daily necessities on the Chinese markets. They then made false charges in their attempts to shift the responsibility for their criminal deeds on to China. The Vietnamese authorities have time and again used such dirty tricks to create anti-China rumors. Their purpose is to divert attention from the people at home and the international community, whip up Vietnamese hostility and hatred against China, cover up their criminal responsibility for carrying out armed provocations on the Vietnam-China border and prepare public opinion for new armed provocations.

According to preliminary statistics, the Vietnamese troops have carried out more than 600 incidents of armed provocations against China along Vietnam-China border and fired 200,000 rounds of shells at Chinese territory, inflicting casualties and losses of property on Chinese border inhabitants.

After all, rumors are rumors. They can only deceive people for a time but never forever. They will explode like soap bubbles in the end.

Foreign Ministry Dismisses Claim

HK111010 Hong Kong AFP in English 0955 GMT 11 Aug 86

[Text] Beijing, Aug 11 (AFP) -- China Monday dismissed as "sheer fabrication" Hanoi's accusations that Chinese troops planted floating mines in Vietnamese rivers.

"The Chinese border guards have never used submarine mines in their counter-attacks in self-defence against the Vietnamese intruders," a Foreign Ministry spokesman said. "It is sheer fabrication."

The official VIETNAM NEWS AGENCY (VNA) charged last week that mines set in Vietnamese rivers by Chinese troops had killed 30 Vietnamese civilians and wounded 60 between May and December last year, and that such mines were still being used.

The English-language CHINA DAILY said Monday that Vietnamese troops had provoked more than 600 incidents along the Sino-Vietnamese border and had fired 200,000 shells into Chinese territories. It did not say what period was covered by the figures.

China and Vietnam have been making accusations and counter-accusations of border violations since Vietnam troops moved into Cambodia in late 1978.

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E 2

PRC INTERNATIONAL AFFAIRS
SOUTHEAST ASIA & PACIFIC

ZHAO ZIYANG CONGRATULATES PREM ON REAPPOINTMENT

BK080830 Beijing International Service in Thai 1330 GMT 7 Aug 86

[Text] On 6 August Zhao Ziyang, Chinese prime minister, sent a telegram to General Prem Tinsulanon, congratulating him on his reappointment as Thai prime minister. The telegram says:

His Excellency Gen Prem Tinsulanon, Thai prime minister:

I am glad to learn that your excellency has been reappointed prime minister of Thailand and wish to express to you profound congratulations and best wishes on behalf of the Chinese Government and people and on my own behalf. May your excellency achieve more success in your missions, and may friendship and cooperation between China and Thailand and the long-standing friendship between the Chinese and Thai people continue to strengthen and develop. May your excellency enjoy good health and attain all that you wish.

WAN LI MEETS HONG KONG, MACAO PRESS DELEGATION

OW101358 Beijing XINHUA in English 1351 GMT 10 Aug 86

[Text] Urumqi, August 10 (XINHUA) -- Wan Li, vice-premier of the Chinese State Council and member of the Political Bureau of the Central Committee of the Chinese Communist Party, met two press delegations from Hong Kong and Macao here today.

The Hong Kong delegation was made up of a sports journalists' team led by Timothy T. T. Fok, managing director of the Henry Fok Estates Ltd., and a radio and television team led by Leung Tin Wai, director of Chinese News of the Hong Kong Commercial Broadcasting Co., Ltd.

The Macao delegation was formed by photographers headed by Sit Lek-kan, vice-president of the Macao Photographic Society.

The two delegations arrived here Saturday to cover the third Chinese National Minority Nationality Traditional Sports Games which started here today.

DK ENVOY TO PRC INTERVIEWED BY RENMIN RIBAO

OW080620 Beijing XINHUA in English 0543 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA) -- The eight-point proposal put forward in March by the Coalition Government of Democratic Kampuchea (CGDK) is reasonable and feasible and has won the support of more than 50 countries, Democratic Kampuchea's ambassador to China told the "PEOPLE'S DAILY" Wednesday.

Chan Youran said there are two main points in the CGDK proposal that differ from the UN resolution and the declaration of the international conference on the Kampuchean problem.

One is that the CGDK calls for a two-phase military pullout by Vietnam from Kampuchea over a period of time, rather than asking them to withdraw immediately and completely. The other is that the CGDK calls for the formation of a four-party coalition government, including the Hanoi-installed Heng Samrin regime, after the first phase of the Vietnamese troop withdrawal.

Chan said these two points mean the eight point proposal is reasonable, flexible and feasible. It takes into consideration the interests of various sides and that is why it was greeted by the international community, he said.

However, the ambassador noted the proposal, which expresses the wishes of all Kampuchean people, was quickly turned down by Vietnam. Vietnam's rejection of the proposal exposes its intention to divide Kampuchea and continue occupying the country, he said. "I am sure that the Vietnamese people will be very happy if Vietnam accepts the eight-point proposal, because they want peace, not war," the ambassador said.

Chan stressed that the Kampuchean people are fighting for an independent, free, democratic, neutral and non-aligned nation, adding President of Democratic Kampuchea Norodom Sihanouk and Prime Minister Son Sann are and will be the leaders of Kampuchea.

Since the announcement of the eight-point proposal, the three factions that make up the resistance forces of the CGDK have furthered their unity and the situation at home is much better than before, the ambassador said.

However, he said the struggle is arduous. There are some one million Vietnamese in Kampuchea including 700,000 emigrants, some 200,000 troops plus 50,000 "advisers" of various kinds.

Chan said he is optimistic about the future of the Kampuchean people's struggle because he knows the level of support they are getting from the peace-loving and justice-holding countries of the world.

NPC VICE CHAIRMAN HUANG HUA MEETS AUSTRALIANS

OW011125 Beijing XINHUA in English 1003 GMT 1 Aug 86

[Text] Beijing, August 1 (XINHUA) -- Huang Hua, vice-chairman of China's National People's Congress Standing Committee, met Sir Michael Lindsay from Australia and his wife here today.

Lindsay, who met Huang in Yanan in the 1940s, arrived July 28 at the invitation of the Chinese People's Association for Friendship With Foreign Countries.

On July 30, he presented to the Museum of the Chinese Revolution nearly 400 pictures and negatives which he had taken in China's Shanxi-Chahar-Hebei border area and Yanan during the War of Resistance Against Japan (1937-45).

NEW CHINA QUARTERLY URGES INCREASED PRC-EEC TRADE

OW091008 Beijing XINHUA in English 0933 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- The need for efforts by both China and the European Economic Community to achieve a trade balance between them is discussed in an article in the latest issue of "NEW CHINA QUARTERLY". The article, signed by Zhang Chunzheng, a staff member of the Ministry of Foreign Economic Relations and Trade, recognized the fact that China-EEC trade increased year by year between 1970 to 1985, from 814 million to 5.237 billion U.S. dollars. Nevertheless, it said that China had an adverse balance all these years, which reached 3.16 billion U.S. dollars last year. In addition, it said, "The investment by European companies in China is not as large as it should be."

The newly-launched English magazine is devoted chiefly to the latest economic development in China. It is published by New China News Ltd., printed in Hong Kong, and edited by the NEW CHINA QUARTERLY editorial board and China Media Development Incorporation, both being XINHUA NEWS AGENCY affiliates.

China has much to do to improve this state of affairs, said the article. "Long-term export plans need to be drawn up. The pattern of China's exports has to be changed by stepping up the export of machinery, electrical equipment, meters and instruments, and other manufactured goods to EEC." "Nevertheless," it went on, "China needs support and coordination from EEC in its effort to increase exports." "The current EEC system of control for the import of Chinese goods does not suit the development of trade between both sides," it states. "For EEC, on pressing task is to relax its restrictions to help China increase its exports."

Despite steady growth of EEC investment in China over the years, such investment now accounts for only less than ten percent of the total the country has so far received. "We hope that they (European companies) will become bolder and establish more joint ventures or exclusively foreign-owned enterprises in China," the article said. The article also called for work to step up technological trade with EEC to help China retool its existing enterprises, as well as the forms of economic cooperation. It expressed optimism over the future of China-EEC economic cooperation, which is characterized by mutual respect, and equality and mutual benefit through supplying each other's needs.

FRANCE TO TRAIN DAYA BAY TECHNICAL PERSONNEL

HK081436 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0724 GMT 6 Aug 86

[Report by Tang Hongjun: "France Will Be Responsible for Training Technicians of the Daya Bay Nuclear Power Station"]

[Text] Paris, 6 Aug (ZHONGGUO XINWEN SHE) -- The Nuclear Power Observation Team of the Hong Kong Legislative Council visiting Europe received confirmation that apart from providing China with all technical data about the M310 water pressurized reactor, France will be responsible for the training of Daya Bay technical workers. According to Electricite de France, the company has signed an agreement with the Guangdong Electric Power Company. The technical workers of the Daya Bay Nuclear Power Station will respectively head for France and Britain to receive professional training. The whole training plan will be carried out in stages.

The first stage, lasting 6 months to 2 years, mainly calls for education on fundamental knowledge and simple methods of operation. This is followed by 2 years of practice at the relevant nuclear power station in France. In the third stage, simulated training will be combined with practice at the Daya Bay Nuclear Power Station. In the whole process of training, Chinese and French personnel will exchange experiences in various forms.

The observation group yesterday visited the Bujey Training Center 30 kilometers from Leon. This is an educational organ of Electricite de France for the training of workers. There are two similar training centers in Gang-cheng [6921 1004] and Paluel, Normandy. The workers of the Daya Bay Nuclear Power Station will be trained at the Gang-cheng center. The method of training mainly calls for simulated training based on actual work.

It is understood that France currently has a total of 130,000 electric workers. Except for top-ranking personnel in specialized fields, all technical personnel and technicians must undergo regular training. The number of people sent to study at a training center is limited. There are more people organized by various electric power plants themselves for study. For example, the time spent by the Garveline Nuclear Power Plant on further raising the workers' professional capacity last year totaled 136,300 hours, accounting for 5 percent of full-time workers' work hours. The time spent by the Bujey Nuclear Power Plant on training on-the-job workers last year also approximated 21,000 hours. Various plants have their own teams of teachers specially devoted to the business of education. A relevant responsible person of Electricite de France said that these are necessary steps taken by them to ensure the safe operation of nuclear power units and prevent technical errors in operation.

TURKISH FRIENDSHIP DELEGATION CONTINUES VISIT

Visits Xinjiang

OW071406 Beijing XINHUA in English 1347 GMT 7 Aug 86

[Text] Urumqi, August 7 (XINHUA) -- A delegation from the Turkey-China Friendship Group of the Turkish Grand National Assembly led by its chairman Halil Sivgin visited a water conservancy project, historical sites and pastureland in the Xinjiang Uygur Autonomous Region between August 5 and 7. Tomur Dawamat, chairman of the regional people's government, met and feted the guests on behalf of the regional government and the regional People's Congress.

Feted in Heilongjiang

SK110320 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 9 Aug 86

[Excerpt] After winding up its friendly visit to our province, the 15-member delegation from the Turkey-China Friendship Group of the Turkish Grand National Assembly led by its chairman Halil Sivgin left the province by plane this morning. The delegation arrived in Harbin on the morning of 7 August. That evening, the Heilongjiang Province People's Congress Standing Committee gave a banquet in honor of the Turkish guests Li Jianbai, chairman of the provincial People's Congress Standing Committee, chaired the banquet. Chairman Li Jianbai proposed a toast at the banquet. Halil Sivgin, head of the delegation, said: I was very glad to visit [words indistinct] on the occasion of the 15th anniversary of the establishment of diplomatic relations between Turkey and China. [passage omitted]

CHEN MUHUA MEETS HUNGARIAN ECONOMIC DELEGATION

OW071028 Beijing XINHUA in English 0948 GMT 7 Aug 86

[Text] Beijing, August 7 (XINHUA) -- Chen Muhua, Chinese state councillor and president of the People's Bank of China, met a Hungarian economic delegation led by Ferenc Bartha, director of the Secretariat for International Relations under the Council of Ministers, today.

Chen briefed the visitors on China's current economic system reform and said the two countries could cooperate and learn each other's experience in reform.

The delegation arrived here yesterday to exchange views with departments concerned on economic reform, transformation of old factories, joint production, bilateral trade and labor service between the two countries.

WANG BINGQIAN MEETS CZECHOSLOVAK VISITORS

OW051144 Beijing XINHUA in English 1050 GMT 5 Aug 86

[Text] Beijing, August 5 (XINHUA) -- Wang Bingqian, Chinese state councillor and minister of finance, met Stanislav Sourek, vice-minister of finance of Czechoslovakia, and his party here this afternoon at the Great Hall, of the People. At the meeting, they expressed their hope for further development of the Sino-Czechoslovak economic relations.

Sourek and his party arrived here August 2 as guests of the Chinese Ministry of Finance to discuss with the Chinese side on the signing of an agreement between China and Czechoslovakia on avoidance of double taxation.

WANG ZHAOGUO MEETS ROMANIAN PARTY ACTIVISTS

OW031144 Beijing XINHUA in English 1136 GMT 3 Aug 86

[Text] Beijing, August 3 (XINHUA) -- Wang Zhaoguo, member of the Secretariat of the Chinese Communist Party Central Committee, met and feted here today a group of activists from the Romanian Communist Party who are on vacation in China.

The eight-member group is headed by Nicolae Croitoru, alternate member of the Central Committee of the Romanian Communist Party and secretary of the Bucharest Committee of the Romanian Party. They have visited Beijing, Hangzhou, Guangzhou, Shenzhen, Shanghai and Yantai since their arrival here July 14 and will leave for home August 5.

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J 1

PRC MINISTER CALLS FOR MORE IMPORTS BY CANADA

AU091551 Paris AFP in English 1537 GMT 9 Aug 86

[Text] Calgary, Canada, Aug 9 (AFP) -- Chinese Agriculture Minister He Kang has urged Canada to step up imports of Chinese products in an effort to reduce the 850 million Canadian dollar (600 million U.S.) bilateral trade deficit working in Canada's favor.

In a news conference Friday in this western city, Mr He said that China was not yet ready to compete with Canada on the world grain market, in part because "we have one billion people to feed." Canadian grain imports have fallen from an average of 15 million tonnes annually in the late 1970s to around eight million at present.

Mr He, who arrived here last Tuesday at the head of a Chinese delegation for a 12-day visit, urged Canada to import more tea, cotton, textiles and fresh or frozen produce.

PRC MINISTER AT COLOMBIAN PRESIDENT'S INAUGURAL

OW080758 Beijing XINHUA in English 0700 GMT 8 Aug 86

[Text] Bogota, August 7 (XINHUA) -- Colombian new President Virgilio Barco Vargas in his inaugural speech today pledged to combat unemployment and drug trafficking. He said that his government will make efforts to improve the economic and financial situation in order to solve the two most serious problems the country faces.

On foreign policy, the new president said his administration will maintain good relations with all the countries in the world and will develop, in particular, traditional political, commercial and cultural relations with its neighboring Latin American countries.

The presidential inauguration took place at 4:15 pm (local time) today. Representatives of more than 30 countries including the Presidents of Honduras, Venezuela, Costa Rica, Uruguay and El Salvador as well as the U.S. Secretary of State were present at the inaugural ceremony.

Chinese Transport Minister Qian Yongchang and Chinese Ambassador to Colombia Li Guoxin attended the ceremony.

Virgilio Barco Vargas, the ninth Liberal president of Colombia in this century, was born in 1921 in Cucuta, capital of the Department of North Santander. He completed his primary and secondary schooling in his hometown and then graduated in civil engineering from the Massachusetts Institute of Technology in Boston.

During his 40-year political career, Virgilio Barco held the post of minister of postal and telephone services (1945), was elected member of Parliament (1949), named minister of public works (1958), ambassador to Great Britain (1961-62) magistrate of Bogota (1964) and ambassador to the United States (1977-1980).

In the presidential election held on May 25, Barco, who was the Liberal Party Candidate, received more than 4.21 million votes while his closest contender, Alvaro Gomez Hurtado of the Conservative Party received about 2.58 million votes. Barco won with the highest number of votes in the political history of his country.

Delegation Meets President

OW090848 Beijing XINHUA in English 0813 GMT 9 Aug 86

[Text] Bogota, August 8 (XINHUA) -- Colombian President Virgilio Barco Vargas today received a Chinese delegation in the Narino Palace. The Chinese delegation, which is here to attend President Barco's inauguration on Thursday, is led by Qian Yongchang, minister of communications.

Qian conveyed greetings from Chinese President Li Xiannian and Premier Zhao Ziyang to President Barco, who in return, asked Qian to convey his greetings to the Chinese leaders. Recalling his visit in China in 1984, the president expressed his "great admiration" for China, praising its accomplishment in the recent economic reforms. The President reiterated that Colombia wants to strengthen its relations with Pacific Basin countries, including China.

Expressing his sincere wishes for the success of President Barco's government, the Chinese minister too expressed the hope that relations between the two countries would be strengthened. Also present during the talks was Chinese Ambassador to Colombia Li Guoxin. The Colombian president has received delegations from 29 other countries, who are here for his inauguration.

PANAMANIAN ASSEMBLY DELEGATION ENDS VISIT

OW071032 Beijing XINHUA in English 0945 GMT 7 Aug 86

[Text] Guangzhou, August 7 (XINHUA) -- A National Legislative Assembly Delegation from Panama led by its president Camilo Gozaine wound up its first China trip and left here today. Upon his departure Gozaine told XINHUA that the goal of the goodwill visit by his delegation has been attained. The visit will bring bilateral relations closer and also prompt the Panamanian Legislative Assembly to consider the question of establishing diplomatic relations between the two countries, he added.

He expressed the belief that with more and more Panamanian officials to visit China the diplomats of the two countries will eventually sit down for talks for the establishment of diplomatic relations.

Gozaine recalled that he had been in China's diligent, generous and friendly people. Moreover, he said, China has set a very good image in the world with the concept of "one country, two systems" it has adopted for the settlement of the Hong Kong issue.

PRC WOMEN'S DELEGATION LEAVES FOR GUYANA

OW090922 Beijing XINHUA in English 0724 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- A Chinese women's delegation left there by air today for Guyana to attend a national convention of a women's organization of the country. The delegation, at the invitation of the Women's Revolutionary Socialist Movement of Guyana, is headed by Yu Shugin, member of the Standing Committee, and member of the Secretariat, of the All-China Women's Federation. After attending the meeting to be held from August 13 to 17, the delegation will pay a goodwill visit to Mexico at the invitation of the National Peasant's Confederation of the country.

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C H I N A
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K 1

DAYA BAY STRICTLY SELECTS OPERATING PERSONNEL

HK080856 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0913 GMT 7 Aug 86

[Report: "Personnel carefully chosen for Daya Bay nuclear power plant"]

[Text] Shenzhen, 7 Aug (ZHONGGUO XINWEN SHE) -- This reporter learned from the Guangdong Nuclear Power Joint Venture Corporation that operating personnel for the Daya Bay Nuclear Power Station must be strictly selected and trained, and they will not be assigned to any work posts before they can pass the examinations.

The Daya Bay Nuclear Power Station has sent 26 technicians and engineers to receive training in France's nuclear power establishments. More university graduates will be sent to receive training henceforth. According to sources concerned, the French side has set very high demands on these in-training personnel. Strict requirements are set on the educational conditions, operating experience, and age for personnel in various posts. For example, the candidates for plant director now being sent to receive training in France must be university graduates with more than 10 year's work experience as a power plant director, and their age must be between 35 and 40. All students must pass examinations before they can practice the operation of the nuclear power station.

After receiving training in France, these people will be tested for their operation of a nuclear power station simulator with a "pressurized water" reactor at home. The simulator stores many programs of supposed accidents and the operating personnel are required to tackle all such accidents. This will test their ability to deal with accidents and maintain the normal operation of the power station. Only those who pass the tests and achieve certificates can be allowed to enter the power station and hold an operating post. In addition, all personnel of the power station will have to pass an annual examination and only those who pass such an examination can continue to work.

YU QIULI PROPOSES 'EIGHT PROHIBITIONS' FOR PLA

OW090155 Beijing Domestic Service in Mandarin 2130 GMT 8 Aug 86

[Text] According to a JIEFANGJUN BAO report, Yu Qiuli, director of the PLA General Political Department, said at the 3 July all-army report meeting on the progress made in rectifying party style and conducting party rectification: In addition to strict enforcement of the Three Main Rules of Discipline and the Eight Points for Attention, the following prohibitions should be explicitly stipulated for enforcement throughout the Army: prohibition against beating, swearing at, and corporal punishment for soldiers; prohibition against receiving gifts from soldiers; prohibition against infringement of soldiers' interests by cadres; prohibition against imposing fines on soldiers; prohibition against alcoholism; prohibition against gambling; prohibition against reading pornographic materials; and prohibition against deception.

Yang Shangkun, vice chairman of the military commission, fully affirmed these eight prohibitions. The Eight Prohibitions, he said, are new requirements, supplementary to the Three Main Rules of Discipline and the Eight Points for Attention, and should be regarded as new rules for the Army to be enforced seriously by all units.

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An Educational Program for Enforcement of the Eight Prohibitions, compiled by the Propaganda Department of the PLA General Political Department, points out that serious enforcement of the Eight Prohibitions is of vital importance in carrying forward our Army's fine tradition, forging close ties between officers and men, and strengthening the ideological work and improving the work style and discipline of PLA units, especially at the grass-roots level.

PLA INSTITUTES NEW RECRUIT TRAINING SYSTEM

OW10190) Beijing XINHUA Domestic Service in Chinese 0654 GMT 10 Aug 86

[By reporter Gai Yumin]

[Text] Beijing, 10 Aug (XINHUA) -- A new training system adopted by the PLA has revitalized the Army's military training program.

The new training system was adopted in the course of reforming the Army's education and training in an effort to adapt them to the new situation brought about by the strategic shift in the guiding ideology on army building. The main point of the new system is the strengthening of training regiments. The new training system is based on the concept of giving new recruits training before assigning them to army units. It calls for full utilization of such training facilities as the instruction and training regiments and bases in training new recruits and backbone elements and for gradually making training regiment schools where soldiers can acquire basic military skills and tactics. After receiving training at the training regiment, the new recruits will be assigned to their units, where they will receive integrated training and undertake combined drills with other services and arms. This has changed the past inefficient training cycle which began with the basic individual drilling and has upgraded the substance of training.

Progress has been made in the Army's training program since the adoption of the new training system this year. Training regiments have been extensively established in Ground Force units. Thanks to the training at the training regiments, new recruits were able to meet the basic standards of a qualified soldier. They are now receiving integrated training at their units. Tactical training has reached the company level in most of the units.

The PLA's tactical training in combined operations has been noticeably strengthened. The Ground Force greatly increased the degree of difficulty and the intensity of its training to meet the demands of combined operations. The Navy has considerably enhanced its combat capacity in joint operations at sea, and its submarines and large surface vessels have gradually increased the distance of their voyages. The Air Force flight unit has greatly increased its flying time, and the number of pilots and combat squadrons capable of flying in four different weather conditions has increased by a large margin. The goals have become more specific in combat flight training. Many units also organized campaign training activities and seminars on battle theories.

The adoption of the new training system and the readjustment of the training period give veteran soldiers more training of dual-purpose personnel, which is becoming part of the military training and education program.

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PLA-OWNED FACTORIES TO EXHIBIT CIVILIAN GOODS

OW081558 Beijing XINHUA in English 1418 GMT 8 Aug 86

[Text] Beijing, August 8 (XINHUA) -- The China Xinxing Corporation, which sells at home and abroad goods from military factories and farms belonging to the People's Liberation Army, is to hold its first export commodities fair here from August 14 to 23. General Manager Zhang Zhuqiao told a press conference here today that on display will be 5,000 commodities produced by 400 military factories and farms, and 100 civilian firms from most parts of China.

"Among them will be medical equipment, electronic products, machines, chemicals, clothing, and foodstuffs, as well as farm and sideline products," he said. Some Army research institutes and academies will share their technical findings with participants during the fair. Under Chinese Government policy, national defense industries are being encouraged to manufacture goods for civilian use to cope with increasing demand.

JIEFANGJUN BAO HOLDS MILITARY MANAGEMENT FORUM

OW092336 Beijing Domestic Service in Mandarin 2130 GMT 9 Aug 86

[Press Review]

[Text] JIEFANGJUN BAO front pages a news report on a forum sponsored by its Editorial Department to discuss questions concerning the study of military management. Experts and scholars attending the forum held that military management is an important task relating to the overall work of building our Army. In our country, they said, the study of military management is still at the incipient stage, and importance must be attached to it as a major discipline.

RENMIN RIBAO REPORTS ON WAYS OF EDUCATING PEOPLE

HK100600 Beijing RENMIN RIBAO in Chinese 2 Aug 86 p 1

[Commentator's Article: "New Forms of Education About the Situation and Policies"]

[Text] On hearing about education regarding the situation and various policies, one is easily reminded of leading cadres and political workers presenting reports on platforms. To be sure, it is necessary to present reports. Some leaders are particularly good at this. With adequate material and a good understanding of people's minds and by lively and vivid speaking, they present reports with remarkable results. However, some reports on the situation can hardly arouse people's interest. Many comrades must have attended report meetings like the one described below:

While a speaker keeps up a constant flow of words on the platform, repeating stereotyped phrases or what others have said before, the listeners in front of the platform are either chatting with one another, reading novels, sleeping, or even trying to leave the place. People say: "Such report meetings, which can solve not even a single problem, are indeed punishing!"

Last year, many leading comrades in various parts of the country tried to mix with the masses and to discuss the situation and various policies by informally chatting with them, telling jokes, and answering their questions. As a result, the leaders and the masses became closer to each other and their mutual understanding improved. This shows that there has been great progress in educating the people about the situation and various policies.

Not long ago, in educating the people about the situation and various policies, the Shanghai Mechanical Blades Plant let the masses take over the platform by inviting workers to deliver speeches. These workers, as masters of their own affairs, freely discussed important issues and aired their views. According to a WEN HUI BAO report, the masses enjoyed this. The change from listening to speeches delivered by leaders on platforms and conversations between leaders and the masses to inviting people from among the masses to deliver speeches on platforms indicates that new ways of presenting reports keep replacing old ways. This change is a result of exploration and reform in ideological and political work in the new historical period.

People may ask: What do the masses have to say? Our reply to this question is: Comrades, you are wrong. Never before have the Chinese people been so concerned about the national situation and the party's policies. According to a WEN HUI BAO report, a survey conducted by the Shanghai Mechanical Blades Plant reveals that "its workers and staff members always discuss such problems as prices, premiums, party style, and plant style after lunch or on their way home or to the plant." Since they are already discussing these problems in private, it is not better to invite them to discuss these problems on stage? At least, the masses' opinions are realistic. Only realistic views and concrete data are convincing. Of course, we may discover complaints and an extreme viewpoint in what they say, but this is not important. If the first speaker holds extreme views, the second speaker may not. Do we always not say that the masses are real heroes? Why, then, do we have fears when people are invited to deliver speeches on the stage? Do we always not describe the situation as excellent? Why, then, do we have fears when the masses discuss the situation? The masses are good at distinguishing what is right from what is wrong. Enjoying the spring winds brought about by the reforms and the implementation of an opening up policy, the masses will never forget the "macroclimate." Some things are more reliably and convincingly said by the masses than by leaders. Even if they cannot say things comprehensively or accurately and even if they make mistakes, that is not important. The leading cadres can ascend the stage to correct them or to make supplementary remarks. Since these corrections and supplementary remarks are aimed at specific mistakes and specific inadequacies, they can produce better results than vague, general remarks.

It seems that we can educate people about the situation and various policies in a variety of ways. We hope that more comrades will examine various ways of giving people an education about the situation and various policies. This is an important topic to be studied in the ideological and political work in the new period.

SOCIALIST DEMOCRACY DEVELOPS ALONG WITH REFORMS

HK071506 Beijing GUANGMING RIBAO in Chinese 27 Jul 86 p 1

["Weekly Commentary" by Shen Baoxiang: "Democracy Should Continuously Develop With the Development of Socialism"]

[Text] The development of our socialist modernization and construction, particularly the in-depth carrying out of comprehensive reforms, requires that we more conscientiously promote the development of socialist democracy.

The relationship between democracy and economics is a dialectical one. Lenin pointed out that in real life, democracy never "exists alone," instead, it is "mutually interdependent with economics. It influences the economy, propels economic transformations, and is inversely affected by economic development. This is a living example of dialectics. ("Selected Works of Lenin," Vol 3, p 238) Economically speaking, reform means letting go of authority; politically, it means expansion of democracy. Reform of the economic system will naturally demand corresponding reforms in the superstructure as well as the development of democracy. In recent years, along with guiding reforms in the economic system, the party Central Committee has also adopted a series of changes in our country's political system, zeroing in on bureaucratic phenomena, over concentration of power, the paternalistic system, the lifetime tenure of leaders, and various forms of special privileges and other such ills. The essence of these reforms is to expand and develop socialist democracy. Since the 3d Plenary Session of the 11th CPC Central Committee, the development of socialist democracy and the reform of the economic system have complemented each other. This is the manifestation of the dialectics of democracy and economics in our country's socialist modernization and construction.

On the other hand, we also see that for some time now, some good cadres who are keen to introduce reforms and who have scored remarkable achievements and won popular support in their respective units, have, however, been reassigned or dismissed or even placed under investigation because they have incurred the displeasure of some people or infringed on the interests or "dignity" of some people. As masters of enterprises, the employees and staff members of these units are extremely discontented with this phenomenon which is contrary to the spirit of reform, yet there is nothing they can do. In some places, unqualified, irresponsible, and unpopular cadres have been assigned to important posts, resulting in work getting messed up and even creating loopholes. Again, the employees, who are masters of these units are helpless. Moreover, using power for selfish ends, bureaucracy and other unhealthy practices are major negative factors which disrupt and affect reforms. When the people resent them, they can not carry out effective supervision over these cadres. Many facts have demonstrated that the reform of the economic system requires the coordination of reform in the political system as well as corresponding development in socialist democracy. Otherwise, it would be difficult for reforms in the economic system to advance or for results already gained in reforms to be consolidated.

On the question of socialist democracy, it is necessary to make a distinction between the types of democracy with the development process of democracy. While these two concepts are closely linked with another, they are, nonetheless, in different categories.

Looking from the historical development of democracy and the essence of class, and compared with bourgeois democracy, socialist democracy is "a higher form" of democracy and one where the great majority of people enjoy a high level of democracy. This is the principle of which Lenin spoke several times. On the other hand, speaking of socialist democracy itself, there is a process of development from imperfect to perfect, from low to high. During this process, differences will exist at varying levels between democratic principles and democratic exercise. Such a phenomena similarly exists in our country's real life. At present our socialist democracy is still in its preliminary stage of development. The people and cadres still have insufficient awareness of democracy and democratic habits. Our socialist democratic system is still not strong and perfect, while the management system and administration have still to adapt to such a system. [paragraph continues]

The political and leadership systems still have many defects which do not conform with the demands of democracy. Some localities practice democracy in form only, while certain places do not even bother to put up even form. The people have no sufficient right of expression on administration of the country and of their respective units. Some cadres with a very strong notion of special political privileges abuse their powers to suppress the people. On the present condition of our country's socialist democracy, it is necessary to make overall and factual calculation and analyses under the premise of distinguishing the two concepts of forms of democracy and of the development process of democracy. On one hand, it is imperative to clearly affirm that we are implementing a socialist democratic system which is incomparable with bourgeois democracy and that our citizens enjoy broad democratic rights. On the other hand, the development of our socialist democracy is still insufficient. The difference in principle and practice of this kind of democracy is caused by the social and historical conditions of our country. Hence, we should not deviate from real economic, cultural, and other factors, or make unrealistic demands for the development of socialist democracy. However, if the obvious difference in principle and practice of democracy in real life is overlooked or not paid attention to, then blindness in action will result and will hamper the demands and efforts to develop socialist democracy.

It is necessary to exert multi-faceted efforts in order to develop socialist democracy.

At present, the key to developing socialist democracy is to further carry out reforms in the political system. Reforms in the political system cover many grounds, but its central requirement is to develop socialist democracy so that the people can be better able to perform state power and be masters of the country.

All changes in the politics and the economy must be preceded by changes in the people's thinking. The reason we were unable to carry out comprehensive reforms in the economic system and make major strides was because, ideologically, a series of fixed ideas were shattered. This is a very important experience. To make huge advances in the reform of the political system, it is also necessary to first shatter certain fixed ideas in our thinking.

To develop socialist democracy in our country, it is imperative to wipe out the pernicious remnants of feudal autocracy. "What old China left us with is a lot of feudal autocratic traditions and very little democratic and legal traditions." ("Selected Works of Deng Xiaoping," p 292) This is an unfavorable condition for the development of socialist democracy. During the "Cultural Revolution," there was daily talk of preventing capitalist restoration, yet the actual result was that, to a comparatively great degree and scope, feudal autocracy ran unchecked. This is a very profound historical lesson. Currently, there exist various kinds of defects in our political system and various undemocratic phenomena in our political life, with the majority of them exhibiting shades of feudal autocracy. These are the main obstacles to the development of socialist democracy. Thus, the process for the development of socialist democracy is also the process for the elimination of these pernicious remnants of feudal autocracy. In this context, the development process of socialist democracy is determined by the degree to which the pernicious remnants of feudal autocracy have been eliminated.

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Naturally, with the opening up to the outside world, some decadent bourgeois ideas will incessantly seep in, causing some people to fail to distinguish ideologically the essential differences between socialist and bourgeois democracies. In the process of developing socialist democracy, such tendencies should be ignored.

LIAOWANG STRESSES DEVELOPING SOCIALIST DEMOCRACY

HK100319 Beijing XINHUA Hong Kong Service in Chinese 0026 GMT 10 Aug 86

[Text] Beijing, 10 Aug (XINHUA) -- LIAOWANG weekly, which is to come off the press tomorrow, carries a commentator's article which says that without socialist democracy, there would be no socialist modernization.

The commentator's article points out that the outcome of the "Great Cultural Revolution" which brought unprecedented catastrophe to our country and nation and the failure to correct it for a long time were due to the destruction of democratic centralism and the democratic life of our party and state, overcentralization of the party's power, a personality cult, and arbitrariness.

The article says that China is a country with a long feudal history and the pernicious influences of feudalism are deep-rooted. The feudal patriarchal behavior and practices that avoid mentioning mistakes made by respected persons are the pernicious influences of feudalism in our social life.

In order to develop socialist democracy, the commentator points out, it is necessary to give full play to the role of various people's congresses in the country's political life. We must adopt a series of methods to enable the people to concern themselves with and take an active part in state affairs and social affairs and social management, and exercise effective supervision over the functionaries of the party and government at various levels. We must also give full play to the role of the CPPCC, democratic parties, and people's organizations at all levels. We must further implement democratic centralism in the party and government organs and carry out a system of collective leadership and division of work with individual responsibility.

The article emphasizes that socialist democracy should be carried out in political life as well as in the fields of economic, cultural, and social life. We must exercise democratic management in enterprises and institutions and gradually carry out people's democracy in the political life of the grass-roots units. In light of the principle of socialist democracy, we must establish relations of harmony, unity and cooperation, and equality among the people and between the people and society.

The commentator points out that the building of the socialist legal system in order to institutionalize and legalize socialist democracy. While enacting and perfecting the various laws, we should urge the working personnel, at all levels, to enhance their legal sense and act according to the law. We must put an end to the practices of violating laws, abusing power to defy laws, and substituting one's words for law. We should also spread legal knowledge among the people and encourage them to learn, understand, apply, and observe the laws.

REFORM AND THE 'DISEASE OF INFALLIBILITY'

HK080733 Beijing RENMIN RIBAO in Chinese 1 Aug 86 p 5

[Article by Yu Wujin: "Doing Away With the Psychological 'Disease of Infallibility'"]

[Text] People have gotten used to the following phenomenon: Whenever the reform encounters problems, some people will always seize on them and paint a dark picture of the reform; also, whenever reformers encounter setbacks or even make mistakes, some people will always take pleasure in their misfortune and mock them.

Why does such a phenomenon exist? Of course it is due to various factors. Here we are going to concentrate our attention on the analysis of a contributing psychological factor. Numerous facts tell us that people are usually affected by a psychological "disease of infallibility," which is one of the basic reasons why they often make errors of judgment concerning the external world. Therefore, this psychological "disease of infallibility" is also a common psychological obstacle to the current reform.

The so-called psychological "disease of infallibility" is a common natural psychological tendency which tempts people to demand perfection from the objects of their attention (men, things, historical events) and to expect that the objects of their attention will always be in a state of "infallibility." This tendency, which is buried deep in people's subconscious, can have great influence on their understanding and evaluation of the external world. However, people are often unaware of this psychological barrier and let it govern their acts.

If we look at man's cultural activities, we can discover the influence of this psychological "disease of infallibility" everywhere. For example, the Christian God is a product of man's efforts to create an infallible, perfect and objective embodiment of his own nature. Therefore, Feuerbach regarded God as the alienation of man's nature. In religion, paradise is a flawless substitute for this world. By further extrapolation, "Utopia," as imagined by philosophers or politicians in history, is also the product of the efforts to create an infallible embodiment of the real world. This psychological tendency to imagine things as infallible shows itself especially obviously in literature and art, which have the nature of fiction and creation and an internal motive force for which is the aim of creating flawless characters, things, and scenes. But we are facing a question concerning the extent of beautification. When the members of the "Gang of Four" were capitalizing on the "creative writing principle of three saliences" [positive personalities, heroic persons, and a central heroic figure] and were doing their utmost to create their absolutely purified and infallible positive characters, especially heroic persons, they were in fact pushing literature and art into a pool of sulphuric acid and completely destroying them.

The psychological tendency of rendering things infallible is highlighted in the appraisal of persons (great figures in particular). It is buried deep in people's subconscious and one can hardly do away with it by simply rationally reminding oneself of the truth that "there is no perfect man" and "mistakes can hardly be avoided." People always stubbornly stick to the tendency of rendering great figures infallible, and this mentality continually affects people's practice.

For example, the published "complete works" of well-known figures are usually "incomplete." An important reason for this is that the compilers of these "complete works" want to conceal the dishonorable history of these great figures. This is an expression of the psychological tendency to "render things infallible."

Some people get nervous and flagrantly criticize the reform at the sight of some problems emerging in the reform. This shows that they are taking an unrealistic and nit-picking attitude toward the reform. They expect that the whole reform will be carried out in an infallible way. It seems to them that the reform should be free of or can absolutely avoid problems or difficulties. Therefore, they view brave reformers from the perspective of infallibility, demanding that the latter always act correctly and never commit mistakes. Occasionally they will make a worldly-wise gesture and utter a few words, saying that "people should be allowed to commit mistakes." In saying this, they in fact mean that no one is allowed to make mistakes without their consent. So they still fail to do away with the psychological tendency of "demanding infallibility." Anyway, mistakes are inevitable, with or without their consent. The reform itself is a great social engineering project, a kind of exploratory activity aiming at meeting future needs. In demanding that the reform be carried out in an infallible manner, they are in fact abrogating the reform.

In opposing this psychological tendency of "demanding infallibility," we do not mean to encourage people to make mistakes. In putting forth this question, we mean to emphasize the inevitability of mistakes and to advise people not to get nervous and lose their confidence in the reform at the sight of mistakes. Making mistakes is nothing to be afraid of, but failure to promptly recognize mistakes is the very thing that is indeed harmful. Wittgenstein said, "We can coin money out of every mistake." We should view and evaluate the current reform in this spirit. Otherwise, we will possibly become stumbling blocks to the reform.

CHINA DAILY COMMENTATOR ON POLITICAL REFORM

HK090510 Beijing CHINA DAILY in English 9 Aug 86 p 4

["Opinion" by CHINA DAILY commentator: "Political Reform"]

[Text] Political reform has become a topic of discussion during the last two months. With economic reform going deeper and deeper, it often happens that some part of the existing political structure hinders smooth operation of reforms. It is increasingly obvious that political reform must be put on the agenda if the on-going economic reform is to achieve ultimate success. Hence, the call for political reform to promote the nation's economic reform.

It was important that Vice-Premier Wan Li made an explicit statement on this score at a soft science symposium last week. He said that in reforming China's political structure, full play should be given to socialist democracy to ensure that policy decisions are made in a genuinely democratic and scientific way.

There are plenty of lessons that could be learned from the past 30 years when quite a lot of policies were hastily decided by leaders and not well thought out. These policy decisions were often based on their past experiences. Such policies often proved to be futile since they did not conform to reality and led nowhere.

China has been a feudal society dominated by small-scale production for thousands of years. There was a tendency for people to look to benevolent rulers to bring them peace and happiness. Democracy in the modern sense had little tradition and freedom of expression was seldom encouraged.

After liberation, though much was done to eliminate lingering feudal set-ups, feudal ideas and their evil influences persisted unnoticed and sometimes even moved into the open. As a result, some differences of opinion were ignored when policy was being decided and minority opinions were not tolerated.

Deng Xiaoping displayed profound political insight when he pointed out that what is most terrible for a revolutionary party is an inability to hear the voice of the people.

Painful lessons have taught us that unless democracy and science prevail, our socialist system is far from sound, much less perfect, and our economy cannot be expected to maintain steady and continuous development.

Now, great effort is being made to encourage officials to have open minds and to listen to different views before making decisions. In the same vein, Wan Li stressed that a political environment characterized by democracy, equality and consultation must be created before scientific theories can be developed. He called for respect for the people's democratic right to express themselves. Leaders were urged to listen patiently to views that may be different from or opposed to their own.

The policy of "letting a hundred flowers blossom and a hundred schools of thought contend," initiated 30 years ago, is in the final analysis a call for freedom of expression. That it is being reasserted not only in artistic and academic matters but also in political and ideological fields is another strong indication of the Party's commitment to democracy.

The Vice-Premier also made it known that there will be legislation to provide legal protection for those who conduct research in the interest of policy-making. Only by pooling the wisdom of people with the necessary background information can sound policies be guaranteed.

A case in point is the review of the plan to build the Yangtze Gorges project in which experts of various fields are being consulted.

Needless to say such thinking and subsequent action to encourage freedom of expression in policy-making will win public support and will benefit the reform programme greatly.

JINGJI RIBAO ON PLANT DIRECTOR RESPONSIBILITY

HK071434 Beijing JINGJI RIBAO in Chinese 30 Jul 86 p 1

[Commentator's article: "Will the Implementation of the Plant Director Responsibility System Weaken the Party's Leadership?"]

[Text] In the course of carrying out the plant director responsibility system, some comrades ask: With the plant director being in a responsible position, will the party's leadership over the enterprise be weakened? [paragraph continues]

Our answer is clear. The implementation of the plant director responsibility system will further strengthen and improve the party's leadership rather than weakening it. Adhering to the party's leadership is one of our four basic principles, and this principle will never be changed. The party's leadership must first be reflected in the implementation of the party's correct line, principles, and policies, and must be effected in the course of mobilizing cadres and the masses to carry out the party's policies, ensuring the socialist orientation of the enterprises, doing in-depth and careful ideological and political work, and bringing the role of the party's grass-root organizations into play. However, the party's combat functions are not like military command. The party organizations should function as a strong backing for the military commanders and should not directly exercise military command. In the forefront, the party is the soul of military commanders, and it should guarantee the principle of the party directing the Army. At present, we have shifted the focus of our work to large-scale economic construction. On the one hand, the party has formulated the line, principles, and policies for the new period and is leading and promoting the modernization process. In this way, the party continues to perform a leading role and show her great strength. On the other hand, for various reasons, some aspects of our enterprise leadership system are not in line with the needs of modern production and management. This is reflected in such facts as the party's functions being confused with administrative functions or replacing administrative functions of the departments concerned. For a long time in the past, many enterprises implemented the plant responsibility system under the leadership of party committees. This system did play an active role in the past, but it had many defects. Although this system stressed collective leadership and the plant director's responsible position, in fact no one really took the responsibility for many things in routine management work and the responsible person could not even make a decision on his own. All members of the party committee were often required to deal with the concrete affairs in routine production and management. They had to take other people's jobs into their hands, handle technical and marketing affairs, appoint and remove professional cadres, and were completely entangled with routine affairs. They were not able to concentrate on party affairs and political work. In some localities, party organizations in fact did not take care of party affairs or had no time to do this. Therefore, it is an important issue to study how to strengthen and improve the party's leadership under the new situation.

Comrade Deng Xiaoping clearly pointed out in 1980: "The previous management system of our factories has been proved, in practice, to be unfavorable to management modernization in the factories, and is also unfavorable to the party's sound work in the factories. The reform will help free factory party committees from routine affairs and concentrate on ideological and political work and organizational and supervisory work. This will not weaken the party's leadership; instead, it will improve and strengthen the party's leadership." Here, Comrade Deng Xiaoping made a brilliant exposition on the reason and purpose of reforming the factory management in our country and pointed out the orientation of strengthening and improving the party's work after the reform of the enterprise leadership system.

The plant director responsibility system is a need in the production activities and management of modern enterprises. The party is not a power organ which can issue orders to the masses, and is also not an administrative or production organization. In the enterprises, plant directors and managers have the position of representing the legal entity. They must be responsible for the business, economic, and social results of their enterprises and must answer to the state and society. Their powers are integrated with their responsibilities and duties. Without corresponding powers, they cannot really bear the responsibilities and duties; and without bearing the responsibilities and duties, they cannot have those powers. [paragraph continues]

In this sense, plant directors and managers should be given certain responsibilities and duties so that they can exercise their powers within the scope of their functions. Thus, they will be able to more effectively manage the enterprises by economic means and in light of laws and regulations. Only thus can we build a unified and highly efficient management system to direct production and business operations, promote coordinated enterprise reforms to suit the needs of the development of the socialist planned commodity economy, to unfold positive economic and technical cooperation and market competition, and to raise economic efficiency and improve economic results. The state of affairs in the 20,000 enterprises which began the trial implementation of the plant director responsibility system shows that this system has brought about good results. Enterprise production and operations are now managed in a more efficient manner and enterprise leadership has been strengthened with a quicker decision-making process. The confusion between the party's functions and enterprise administration's functions has been cleared away. In those enterprises, party organizations have been freed from routine administrative affairs and have effectively strengthened the party's ideological and organizational work.

We should understand that after the adoption of the plant director responsibility system, party organizations in enterprises will shoulder more arduous rather than easier tasks. First, they must guarantee and supervise the socialist orientation of enterprise production and operations; second, they must guarantee and supervise the full exercise of the workers' democratic rights; third, they must guarantee and supervise the correct handling of the interest relations between the state, the enterprise, and the workers; fourth, they must guarantee and supervise the observance of law and discipline and must safeguard the legitimate interests of the state and the enterprises; fifth, they must guarantee and supervise the correct implementation of the party's policies by the enterprise and the plant director. In addition, enterprise party organizations should also educate bravely and properly, and party organizations must support reform. They should support cadres and workers who are playing a pioneer role in reform and should warmly help them correct errors and deviations and encourage them to carry on reform. The party organizations should guarantee and supervise the smooth development of reform. The fulfillment of these tasks will certainly improve and strengthen the party's leadership over the enterprises rather than weakening this leadership.

At present, we are in a key period of transition from the old to the new. In order to accomplish this change, we must continue to strengthen and improve the party's leadership. Improvement is for the purpose of strengthening leadership. The implementation of the plant director responsibility should be brought into line with the orientation of economic structural reform under the party's leadership. Changing the basic functions of enterprise party organizations from guiding work in all fields and deciding all important things in production and operations to guaranteeing and supervising production and administration is itself a major reform measure. It is an arduous task to accomplish this reform, including the reform of the thought style and work methods. We believe that in the course of implementing the plant director responsibility system, enterprise party organizations will more actively support the plant directors in performing their functions and duties, and the plant directors will be more conscientious in subjecting their work to the supervision of party organizations at all levels, the working masses, and the administrative departments concerned so as to improve and strengthen enterprise management and to make greater efforts for the development of socialist material and spiritual civilization.

GUANGMING RIBAO ON DUAL CHARACTER OF LABOR

HK081408 Beijing GUANGMING RIBAO in Chinese 26 Jul 86 p 3

[Article by Huang Shixiong: "Labor Has a Dual Character Under Socialist Conditions"]

[Text] Under socialist conditions, labor has the dual character of being both a commodity and not a commodity.

Why is it that under socialist conditions, labor still has the attribute of a commodity to a certain degree?

First, labor must circulate through a market exchange. As in the trading of a commodity, both sides freely make contracts as different owners. The circulation of labor is the transfer of labor among different trades, different areas, different departments, and different enterprises. Given a commodity economy, the circulation of labor, like the circulation of the means of production, cannot work without market exchange. Market exchange always involves two sides. Both sides treat each other as different owners. An exchange must suit the will of both sides. In a labor exchange, one side is the owner of labor -- the laborer -- and the other side is the enterprise that directly owns, controls, and uses part of the means of production owned by all the people. In form, a labor exchange manifests itself as the trading of labor. Such trading is realized through a contract or agreement signed by both sides. For example, given the introduction of the contract labor system, the recruitment of new workers by an enterprise through a contract or agreement gives expression to such trade relations. The contract specifies the duties assumed by laborers after they join the enterprise, wages, period of work, rights and obligations, and so forth. During the validity period of the contract, laborers place their own labor at the disposal of the enterprise in exchange for a certain wage and other benefits.

Second, like the exchange of commodities, a labor exchange is affected by the law of demand and supply and the law of competition. On the labor market, increased supply will give rise to employment-related competition, preventing a rise in wages. On the other hand, an increased demand for labor, especially for skilled personnel, will give rise to competition on the part of user units and an increase in pay for skilled personnel.

Then why is it that under socialist conditions, labor is also not a commodity? This is basically determined by the nature of the system of ownership of the means of production.

First, a laborer is the joint owner of the means of production. Once committed to the process of production, he asserts himself as the master. As a member of a group forming an enterprise, the laborer enjoys the same rights as other masters on an equal footing, participating in the control of the production process and in enterprise management, instead of being under the supervision and control of anyone outside the colony of laborers. A laborer is carrying out production for the whole body of laborers, including himself, and the colony of laborers in a given enterprise, not for anyone outside such a scope. The products produced are owned by the public and not possessed by anyone else.

Second, the enterprise as a buyer of labor is composed of laborers. It is actually a colony of laborers. [paragraph continues]

Therefore, labor trade relations are, in essence, relations between individual laborers and the colony of laborers. All laborers enjoy equal rights and are entirely the same. When he acts as the seller, the colony made up of the rest of the laborers is the buyer. When a laborer is the seller, he is also a buyer in a colony. Therefore, no person enjoys privileges different from the rest. There is neither a sole seller of labor nor a sole buyer of labor. This is what differs from the trading of labor under capitalist conditions.

Third, the trading of labor under socialist conditions is dictated by the law of distribution according to work. The socialist wage is not a form of conversion of the value of labor, but instead is the portion of the products of labor after social deductions distributed to laborers individually according to work for consumption, that is, a part of necessary labor. What is reflected is the relations of material interests between laborers as individuals and the collective and the whole body. Therefore, given the circulation of labor and thus changes in wages, the center of a change in wages in the value of necessary products. It is different from what determines the value of labor under capitalist conditions. The means of subsistence needed by socialist laborers are not confined to such a low level as keeping an individual and his family alive. They should include the means of enjoyment conducive to a laborer's physical and mental health and the means of development that allows the development and demonstration of his physical power and mental faculties, and should allow expression of laborer's full enjoyment of the fruits of his own labor.

In sum, under socialist conditions, labor has the dual character of being a commodity and not a commodity. Its main aspect is the character of a non-commodity. But we must also note that labor owned by laborers individually still retains certain attributes of a commodity. A labor exchange still calls for adopting the form of a commodity exchange expressed as the trading of labor. Some comrades advocate the realization of the circulation of labor through a market exchange, but deny that labor still retains certain attributes of a commodity. This does not hold water logically. The market is the place for the exchange of commodities and is tied up with trade relations. It is inconceivable if, on the one hand, we recognize a labor market, admitting that the exchange of labor must be through the market, and, on the other hand, argue that there is no buyer or seller and not a trace pointing to the exchange of commodities. Conversely, the viewpoint that recognizing the labor market means turning labor into a downright commodity is also not in order. This view disregards public ownership of the means of production and refuses to recognize changes in both sides concerned as an exchange. It is incompatible with the realities of socialist economic life.

ZHAO ZIYANG EXTOLS SHANTOU SPECIAL ZONE

HK100753 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 4 Aug 86

[Article by LIAOWANG reporter: "Zhao Ziyang and Other Leaders Talk About the Shantou Special Economic Zone"]

[Text] Editor's note: This February, leaders of the central authorities like Zhao Ziyang, Hu Qili, Tian Jiyun, and others made an inspection of the Shantou Economic Zone and affirmed Shantou's experiences in setting up the economic zone in conversations with the local cadres. Recently, other gratifying news has come from the Shantou special economic zone: all the economic development targets of the first half of this year increased by a big margin over the corresponding period of last year and the total industrial and agricultural output value and the total agreed investment have all increased by 100 percent. [paragraph continues]

The following report by this journal has recorded the main points of the talks made by Zhao Ziyang and his party.

It Is a Good Experience To Make Less Investment But Gain More Returns

On 4 February, after Zhao Ziyang and his party inspected several enterprises solely owned by foreign or Hong Kong businessmen or jointly owned by foreign or Hong Kong businessmen and China in the economic zone and the special zone wharf, they had informal discussions with the officials of Shantou City and the economic zone in the afternoon and the next morning. Leaders of Shantou City reported to Premier Zhao that reform and opening up to the outside world have brought about a golden age in the economic development of Shantou. Shantou has existed as a commercial port for over 100 years, with over 6 million Overseas Chinese residing in every part of the world. Being of good cultural quality and good at doing business, the people of Chaozhou and Shantou always have a tradition of careful calculation and strict budgeting. These advantages have been fully exercised in the reform and opening up to the outside world and promoted the vitalization of the economy in Shantou. The vigorous Shantou Special Economic Zone is particularly inspiring. The construction of the special economic zone began in 1981, and the construction of the infrastructure in the industrial district was started in September of the next year. The investment in capital construction over the last 4 years is 180 million yuan, which began to be recovered 2 years ago. By the end of 1985, the accumulative recovered investment and the profit and taxes handed over to the state amounted to 45 percent of the total investment.

Leaders like Premier Zhao Ziyang and others expressed appreciation over this. He said: I am relatively familiar with Shantou which became a commercial port long ago and is an excellent harbor. In a certain sense, the commercial contacts we are talking about refer to harbor conditions. In coastal places which were open to the outside world long ago, the quality of the people and the business management level of the people is quite different from other places. The people in Chaozhou and Shantou are very diligent and have attained a relatively high level of business management. The influence of the overseas Chinese from these places is not small and they love the motherland and their hometown very much. The light industry in Chaozhou and Shantou is well-founded and the agriculture there also has special characteristics. However, in the past, because of the practice of shutting the door against the world and the shackles of the "leftist" ideology, it was difficult to bring into play these advantages. The carrying out of reform and the policy of opening up to the outside world and invigorating the domestic economy is to create conditions for bringing into play these advantages. It is right that Shantou district makes use of these favorable conditions, seizes the opportunities to develop its strong points and avoid using its weak points, brings into play its advantages and develops the economy. Since the 3d Plenary Session of the 11th CPC Central Committee, great changes have taken place in the Shantou district, and the situation here is excellent. This approach is correct. Hu Yaobang visited here and also affirmed this point.

Premier Zhao said that it is a very good experience that the Shantou Special Economic Zone makes a small investment but procures big, fast and good returns. Previously, some of our projects needed a big investment but produced small returns and required a long turnover period. For example, the digging of a gallery took up as long as 7 years before coal could be produced by the coal mine. [paragraph continues]

However, those people who raise loans to run coal mines do so in quite a different way. They do not dig long galleries but can produce coal in a couple of years. I think that you have done pretty well such as opening up a small piece of land and setting up some factories; so many factories have been built. Agriculture is also good, and so many products have been produced which need a small investment but produce big returns. This is a good experience and approach.

In Shantou, Hu Qili especially hosted a discussion to learn about the efforts of the special zone to grasp the building of material civilization while grasping the building of spiritual civilization. He repeatedly pointed out that the Shantou Special Economic Zone has two experiences: First, to have a short turnover period of production, good economic results and high foreign exchange-earning capability through export trade; and second, the characteristics of China's socialist modernization construction are embodied in promoting both the economic construction and the building of spiritual civilization.

Vice Premier Tian Jiyun said: I have heard and seen a lot and I am deeply impressed that both the urban and rural areas in Shantou are flourishing and thriving. After visiting both the old and new urban areas, I can sense the pace of our country's progress. The approach of Shantou is correct, which is very significant for the development of the coastal areas.

To Affirm the Principle of Acting According to Capabilities and Developing Areas One by One

During the discussion, the responsible persons of the Shantou Special Economic Zone noted that although the Shantou Special Economic Zone started late, receives a small investment and is developing on a small scale, it is advancing steadily and firmly and always persists in the principle of acting according to capabilities, developing areas one by one, attaching importance to efficiency.

Premier Zhao Ziyang fully affirmed this principle. He said that relatively speaking, your pace is a little bit slow, but you gain your own experiences from it, which is acting according to your capabilities, developing areas one by one, going about things steadily and surely and developing step by step. It is a very good approach "to open up and build areas one by one and also commission them and make profits from them one by one."

In the first 2 years of the exploration of the Shantou Special Economic Zone, only an area of 0.2 square km was opened up. After the infrastructures were built, the factories were set up, and the required items were introduced in this area, another area of 0.2 square km was opened up. The special zone officials said that another area of 0.2 square km will be opened up this year, and that after the construction of this area is completed and the required capital is gathered, they will consider more expansion.

Premier Zhao said that it is okay to open an area of 0.2 square km per year. After an area of 0.2 square km is opened up and the construction of it is completed, you can open up another area of 0.2 square km and complete the construction there. You should not open up an area so large that the construction there can not be completed in several years and spend all the capital on the construction of infrastructure. It is necessary to develop areas one by one and concentrate your efforts on setting up well several factories in each area. [paragraph continues]

If you can not afford the investment in a large area, you can open up a small area. A small area needs less capital but can produce quick returns, which is favorable to attracting foreign and Hong Kong businessmen. The small areas can slowly develop to become large areas and produce large returns. This is also to use the short-term returns to support the long-term returns. When the foreign businessmen first visit the special economic zone, they often make their trip an exploratory one. After they are sure that our policies are consistent and the returns are good, they would naturally bring sophisticated technology and enormous capital into the special economic zone.

During the conversations with the responsible persons of Shantou City and personages related to the special economic zone, Premier Zhao repeatedly stressed the importance of actively developing and straightening external and internal economic relations, so as to make the economy develop outwardly and constantly increase the capability of earning foreign exchange through export trade.

The responsible persons of the Shantou Special Economic Zone reported that the total export value of the special economic zone in 1985 accounted for over 60 percent of its total industrial and agricultural output value and reached over 80 percent of the total industrial and agricultural output value if the export products processed by the special economic zone for the interior are also included. Premier Zhao was pleased to hear that and said that it is marvellous that the Shantou Special Economic Zone can earn foreign exchange through exporting industrial products and exporting the agricultural sideline products after processing. This is the correct direction.

Premier Zhao told the leaders of the Shantou City and the special economic zone that the advantage of its products lies in the international market. To a great extent, the future of the economic development here is decided by the capability of earning foreign exchange. The more foreign exchange you make, the brighter future you will have. If you can not earn much foreign exchange and only rely on the central authorities and other places in the country to provide the conditions for you, the way to development will not be very open for you. To invigorate the economy here, you should mainly do two things; first, strengthen cooperation with the other parts in the country. Strengthening cooperation with foreign countries can play a decisive role. Strengthening cooperation with the other parts in the country is also very important; and if you can do it well, you will have more resources. Integrating your advantages of cleverness and deftness, quick information, and shrewdness with the advantages of other places' resources, you can bring into play your strong points and avoid your weak points, thus forming greater productive forces.

Premier Zhao and other leaders of the central authorities expressed appreciation of the efforts of Shantou and the special economic zone to develop an agriculture sector which can earn foreign exchange. While talking about the readjustment of the production structure, the increase in the export of fruit and vegetables, flowers, and processed agricultural sideline products, Vice Premier Tian Jiyun said: I agree to create conditions here to engage in barter trade and to barter the export products for grain. In addition to agricultural products, the industrial products as well as the machinery and electrical products can also become barter goods. Another thing that Premier Zhao mentioned before: to consider the amount of import grain according to the rate of increase of the export volume. Both of these two ways can be considered. I think that there is great potential in this aspect and hope that you will blaze a new trail, he said.

JINGJI RIBAO ADVOCATES BANKRUPTCY SYSTEM

HK100717 Beijing JINGJI RIBAO in Chinese 2 Aug 86 p 2

[Article by Yuan Mu: "The Implementation of the Enterprise Bankruptcy System Is a Historical Inevitability"]

[Text] 1. The Implementation of a Bankruptcy System Is a requirement of Developing the Country's Socialist Commodity Economy.

Our party has established the guiding principle of vigorously developing a socialist commodity economy. The reform of the economic structure must be carried out in this direction. The birth of a bankruptcy system will be inevitable in the course of this reform. The implementation of a bankruptcy system accord with the development of our socialist commodity economy. The reform of the economic structure requires us to properly do our work in order to smoothly implement a bankruptcy system. We must first have a clear understanding of this. To allow enterprises to go bankrupt and fold and carry out bankruptcy proceedings means legalizing and systematizing the means for dealing with enterprises that are on the verge of bankruptcy or actually go bankrupt due to heavy losses caused by poor management. This is the requirement of China's reforms and of developing its socialist commodity economy.

2. Bankruptcy, Closing Down, and Eliminating the Backward Indicate Historical Progress

Given a socialist commodity economy, it is necessary to apply the principle of survival the fittest. Is it a positive or negative phenomenon for a backward enterprise to go bankrupt and be eliminated? My opinion is that from the viewpoint of the general trend of historical development, this means progress. Some people have suggested that the purpose of making a enterprise bankruptcy law is not to encourage the enterprises to go bankrupt but to arouse people's enthusiasm and to make our enterprises a further success. This is, in a way, correct. However, one must also be able to see that some enterprises are indeed poorly managed. As far as a society is concerned, it means the survival of the fittest. Through competition we should eliminate those that are indeed backward. Why should we protect those enterprises which apply obsolete technology, whose facilities and equipment are worn out, and which cannot sustain production? What good can we do to ourselves by subsidizing them and propping them up with the money made by advanced enterprises?

3. Socialism Requires Us To Inherit and Carry Forward All the Good Things of Human Societies

According to Lenin, under socialist circumstances, in order to make socialist construction a success, it is necessary to accept and use all the good things accumulated in human history, including those good things accumulated under a capitalist system. it is not necessary to avoid this new view. At present, there are some who still consider "bankruptcy" a capitalist term whenever it is mentioned. Not all things capitalist are bad. It is necessary to analyze them. Lenin had proposed a formula to define socialism. He said: Socialism means the Soviet system plus Prussian railroad management plus the organization and technology of U.S. trusts plus the U.S. national educational system and so on. In this formula, with the exception of the Soviet system, which is a socialist product, all the terms are products of capitalist systems. [paragraph continues]

Socialism does not come from the heavens. If socialism does not require us to inherit the fruits of advanced human civilizations, including those advanced management practices which are introduced under a capitalist system and which is consistent with the laws governing the organization of mass production, socialist construction and reform will be out of the question! If, when we look at problems, we do not look at them from the viewpoint of historical materialism but stubbornly dwell on terms and words, we will not be able to make any progress. Enacting a bankruptcy system and pursuing capitalism are two different things. First, we must understand that we should study certain advanced methods existing under the capitalist system that accord with China's socialist construction requirements, including certain management and legal methods and so on and that absorbing these things and following the capitalist road are two different concepts and should not be confused. We need those advanced types of technology, advanced management methods, and advanced types of organizations existing under the capitalist system, such as stock companies. Why do we not use them and appropriately transform them in light of the country's socialist characteristics and national conditions in order to adapt them to our socialist orientation? According to Comrade Deng Xiaoping, we should first hold firm to public ownership and, second, adhere to the principle of coprosperity, that is, the principle of distribution according to work. Only by adhering to these two points and using whatever is good can we become great strategists. If we can unswervingly adhere to these two points, we will never end up capitalists.

4. We Cannot Passively Wait for the Completion of the Reforms in Related Areas

As a result of several years of reform practice, China has created many basic conditions. In these circumstances, the basic conditions are now ripe for instituting the practice of enterprise bankruptcy, and this accords with the requirements of socialist commodity production. As for complementary conditions, such as the reforms regarding social security and the problem of providing for unemployed workers, the price reforms, and the substitution of taxes for the delivery of profits, although we have not created all of them, we have introduced the guiding principles for their creation. For example, the principles concerning price reforms are being established. If we do nothing until all conditions are ripe for the price reforms, one may wonder how long we must wait. On the other hand, both basic and complementary conditions are required for the establishment of an enterprise bankruptcy system and the enactment of various reform measures. However, these reform measures can make conditions ripe once they are enacted. They simply interest as both cause and effect.

RENMIN RIBAO ON ENTERPRISE DECISION-MAKING POWERS

HK100718 Beijing RENMIN RIBAO in Chinese 8 Aug 86 p 1

[Commentator's Article: "The Purpose of Putting Enterprises Under a Lower Administrative Level Is to Emancipate Them"]

[Text] In the reform of the economic structure, the various central departments, provinces, municipalities, and autonomous regions have transferred the enterprises directly under their control to the key cities for management. It is an issue that requires earnest study at present to properly exercise management over these large-and medium-sized enterprises so as to give full play to the role of cities as economic centers, to enable the government to strengthen macroeconomic control, and to accelerate the pace of the modernization program.

The purpose of putting enterprises under a lower administrative level is to emancipate and invigorate them. Under the management system in which government administration was not separated from enterprise management, enterprises were bodies attached to the administrative departments either under the direct management of the central departments or the provinces, municipalities, and autonomous regions. They did not have decision-making power regarding production, supply, and marketing or personnel and financial affairs. In order to emancipate enterprises, we should free them from the state of being subsidiary bodies of the administrative departments and turn them into relatively independent producers and operators of commodity production. In this respect, the key cities should shoulder the great responsibility of emancipating enterprises.

Some comrades simply regard putting enterprises under the management of the key cities as a change of ownership and "mother-in-law." Such a view shows no understanding of the essence of the matter or of the significance of the reform of the economic structure. On the basis of the predominance of the socialist ownership system, the purpose of the reform of the economic structure, which includes delegating the management power of enterprises, is to transform the rigid, old economic system that took shape over the years, establish a vigorous new economic system, and fully develop a planned socialist commodity economy. If the question of ownership of enterprises deviates from this point, enterprises will almost inevitably still be regarded as bodies attached to the administrative departments, and the change will only be from a higher-level government to a lower level one. Regarding enterprises, it is simply a change from "regional" or "departmental dictatorship."

After enterprises are put under the administration of the key cities, the "mother-in-law" will change, but not from the "Elderly Mrs Jia," the domineering mother-in-law in the "Dream of the Red Chamber" to "Sister Feng," the domineering housewife, which would still mean exercise of rigid management over enterprises. Enterprises need enlightened "mother-in-laws" who treat them as relatively independent producers and operators of commodity production, exercise leadership according to the laws of commodity economy, and enthusiastically serve them.

There is a great deal of work to be done to emancipate enterprises. The crux of the matter lies in extending and respecting the decision-making power of enterprises and ensuring the decision-making power of enterprises in operation and management under the guidance of state plans, which include enterprises having the right to establish lateral economic ties according to the laws of commodity production and factory directors (managers) having the right to appoint and remove mid-level administrative cadres, and reward and punish workers in light of the stipulations of the CPC Central Committee and State Council. The State Council and the governments of various provinces, municipalities, and autonomous regions have laid down a number of regulations on extending the decision-making power of enterprises which have been well-received by enterprises. The problem is that these regulations are not entirely implemented. In certain localities, the decision-making power delegated to enterprises has been regained by the responsible bureaus of companies. As factory directors (managers) had responsibility without the corresponding power and benefits like that in the past, it was difficult for them to run the enterprises well according to the laws of commodity production. In order to invigorate enterprises, we must put an end to such a state of affairs as quickly as possible. Naturally, new problems may occur after extending the decision-making power of enterprises. These problems should be solved by earnestly summing up experience and carrying out further reforms. Retrogression will lead us nowhere.

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STATE COUNCIL SETS UP LAND ADMINISTRATION BUREAU

OW091727 Beijing XINHUA in English 1439 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- The State Council, China's highest government body, has just set up a new department in a bid to tighten unified control of land throughout the country. Wan Xianjin, director of the new State Land Administration Bureau, said today that the new department is responsible for formulation and implementation of China's land policies, laws and regulations, and drawing up the nation's overall and annual plans for the use of land.

"Our bureau will examine land-use plans submitted by province-level authorities, and take charge of nationwide land surveys, statistics and registration, as well as land requisition and allocations," he added. Moreover, the bureau will oversee the use of land all over the country, coordinate solutions to major problems relating to the use of land, investigate major cases violating China's land management regulations and help solve disputes over land. The State Council has decided to set up land management offices down to the township level -- the country's grass-roots administrative unit.

CONTRACT LABOR REGULATIONS SLATED FOR THIS YEAR

OW110238 Beijing XINHUA in English 0126 GMT 11 Aug 86

[Text] Beijing, August 11 (XINHUA) -- China this year will publish regulations concerning the dismissal of workers by state-owned enterprises for violating work rules, Gao Shangquan, deputy director of the State Commission for Restructuring the Economy, said today. Also published will be regulations on recruiting workers and on labor insurance for the unemployed, as part of the effort to improve the contract labor service system now being tried out in a selected number of areas.

The system will become applicable nationwide with the publication of the fourth regulations specifying policies and rules, Gao said. It was first introduced five years ago to break the "iron bowl practice" which gives workers jobs for their lives. The country now has 3.5 million contract workers, accounting for five percent of its total industrial labour forces, according to earlier news reports.

BONDS ISSUED FOR ENTERPRISE DEVELOPMENT

OW090616 Beijing XINHUA in English 0611 GMT 9 Aug 86

[Text] Beijing, August 9 (XINHUA) -- The Industrial and Commercial Bank of China is issuing financial bonds of 1.5 billion yuan to China's urban residents this year, according to today's "ECONOMIC DAILY". The money thus raised will be used as loans to aid the development of urban collective-owned enterprises, the paper said. The bank has already issued more than 490 million yuan of bonds over the past year, the paper added.

ANHUI GOVERNOR SPEAKS AT HARVEST MEETING

OW091428 Hefei Anhui Provincial Service in Mandarin 1000 GMT 8 Aug 86

[Excerpts] The provincial government convened a telephone conference on the evening of 7 August, at which it called on people throughout the province to grasp autumn production firmly and well in order to wrest an all-round bumper harvest this year. Governor Wang Yuzhao and Vice Governor Meng Fulin took part in the conference and also spoke.

The conference pointed out: A good situation, with all-round increased agricultural production, has emerged in our province since the beginning of this year. The conference called on leaders at all levels to persistently endeavor to do a good job in autumn agricultural production, which is crucial to an all-round bumper harvest by the end of this year.

First, they must persist in wresting bumper harvests by combatting natural disasters, and continue to make preparations for combatting floods, drought, and other natural disasters. [passage omitted]

Second, they must help disaster areas to help themselves by increasing production. [passage omitted]

Third, they must strengthen field management with emphasis on controlling and combatting plant disease and inspect pests [passage omitted]

Fourth, they must make early arrangements for autumn sowing. While they should concentrate on wheat, they also should appropriately expand the acreage of rapeseed. [passage omitted]

Fifth, they should begin construction and repairing of water conservation projects. [passage omitted]

Sixth, leaders at all levels should pay attention to developing rural enterprises.

Seventh, they must continue to strengthen leadership and mobilize all trades and enterprises to support autumn farming. [words indistinct]

FUJIAN CONDUCTS VILLAGE-LEVEL RECTIFICATION

OW081351 Fuzhou Fujian Provincial Service in Mandarin 1030 GMT 7 Aug 86

[Text] The Fujian Provincial CPC Committee not long ago circulated its views on conducting village-level party rectification. It emphatically pointed out: In conducting village-level party rectification, we must adhere to the guideline of carrying out reform and ensuring economic development, pay attention to educating people by positive example, and vigorously help the broad masses of people members raise their awareness. It said: In order to do a good job in carrying out party rectification at the village level, we must pay attention to the following four points:

1. We must help party members fully understand the fundamental aims of the party, foster the concept of wholeheartedly serving the people, and truly become pacesetters in carrying out reform and construction in the countryside.

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2. We must correctly understand the party's various policies in carrying out reform and developing the economy in rural areas; adhere to the policy of making reform, opening the country to the outside world, and invigorating the domestic economy; and lead the masses to become well-to-do by working harder than ever and achieve common prosperity.

3. We must earnestly solve those problems people inside and outside the party are most concerned about, and investigate what people complain about most.

4. We must strengthen the leading bodies of party branches.

In conducting village-level party rectification, we must solve serious problems involving village-level party members and cadres who have made use of their authority to seek private gains and grossly violated state laws and party discipline.

The provincial party committee pointed out: We must correctly understand and firmly implement the guideline of solving problems without creating chaos, and regard a locality's efforts to truly solve problems as a criterion to determine the success or failure in conducting party rectification in that particular locality. In conducting village-level party rectification, we must cover a vast area but have only limited time to achieve our goal. Our tasks are arduous, and the situation we face is complicated. In addition, village-level party rectification involves many important issues of policy. Therefore, we must strengthen our leadership and guidance in conducting party rectification. All prefectural and city party committees should concentrate their efforts on providing proper guidance. The party committees of the various counties must assume responsibility for leading the work of conducting party rectification and send out cadres to help in carrying out party rectification. Party committees at all levels, particularly those comrades in charge of party rectification, must visit the party branches in the various villages to conduct investigation and study, gather firsthand information, and strengthen their leadership. Competent cadres must be sent out to help units with many problems tackle them.

SHANGHAI EXCHANGE BANK SUPPORTS JOINT VENTURES

OW091228 Beijing XINHUA in English 1213 GMT 9 Aug 86

[Text] Shanghai, August 9 (XINHUA) -- The Shanghai Branch of the Bank of China, the country's only foreign exchange bank, approved loans of 290 million yuan and 86 million U.S. dollars to enterprises involving foreign investment in Shanghai during the first seven months of this year. This is double and five times, respectively, of the total loans to such enterprises in the previous six years.

Now, Shanghai, China's biggest industrial city, has 184 Sino-foreign joint ventures, cooperative enterprises and sole foreign investment enterprises. Loans have been granted for 49 of them.

The Shanghai Volkswagen Automotive Company Ltd, a joint venture between China and Federal Germany which started production last September, got a loan of 100 million yuan. With the branch bank's support, the company is expected to produce 8,000 "Santana" cars this year.

The Shanghai Yaohua Pilkington Glass Company Ltd, a Sino-British joint venture now under construction, reached an agreement with the bank last month for a loan of 70 million yuan and 36 million U.S. dollars.

The bank has also decided to provide the Shanghai Bell Telephone Equipment Manufacturing Company Ltd, a joint venture between China and Belgium, with 46 million U.S. dollars and 11 million yuan to promote the factory's production of up-to-date digital-controlled telephone exchanges.

Su Dechang, deputy manager of the bank's Foreign Exchange Credit Department, said his bank gives priority to joint-venture enterprises which are technology-intensive and can manufacture products to replace those that China usually imports.

Those that can produce for export are also good customers of the bank, Su said.

The Shanghai Branch of the Bank of China has also opened international transfer credit, mainly for the service industry at least six hotels and trade centers jointly run by Chinese and foreign investors now under construction have used such credit.

SHANGHAI'S JIANG ZEMIN ON FOREIGN INVESTMENT USE

OW082333 Shanghai JIEFANG RIBAO in Chinese 5 Aug 86 p 1

[Text] Shanghai's Mayor Jiang Zemin made a speech at the meeting held yesterday to mark the fifth anniversary of the founding of the Shanghai Combined Woolen Textile Company Ltd. He said: The success of this company not only proves the correctness of the Chinese Government's policy of opening the country to the outside, but also sets Shanghai a good example of making use of foreign investment.

Jiang Zemin congratulated the company on its contributions to developing the four modernizations program. He pointed out: In order to create a new situation in Shanghai, the key lies in opening the city to the outside world and attracting more foreign investment. This is our firm policy. Those friends who are interested in making investments in Shanghai: Please firmly believe in this policy. Currently, some difficulties and problems remain in attracting foreign investment in Shanghai. The relevant departments in the municipality are studying and tackling the issues. They will work out a rational system and feasible rules and regulations to improve the environment for investment in Shanghai.

Duanmu Xihua, general manager of the woolen textile company, made a work report at the meeting. Tang Xiangqian, vice chairman of the company's board of directors, made a special trip to Shanghai to attend the meeting. He also delivered a speech. Also attending the meeting were Deputy Mayor of Shanghai Li Zhaoji; Honorary Chairman Zhang Chengzong of the Society for Economic Development in Shanghai and Hong Kong, Vice Chairman Tang Junyuan of the Shanghai Municipal CPPCC Committee; and the leading comrades of various commissions and general offices.

GUANGDONG SENDS LIAISON PERSONNEL TO RURAL AREAS

HK071158 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 6 Aug 86

[Text] From 25 July to 5 August, the Party Rectification Guidance Office of the provincial CPC Committee held a meeting in Guangzhou of liaison personnel for party rectification at the township level. The meeting trained 500 cadres from provincial organs. These cadres will go to 15 counties and cities in the province in mid-August and act as liaison personnel for party rectification at the township level. Wang Ning and Guo Rongchang, deputy secretaries and Party Rectification Guidance Office deputy directors of the provincial CPC Committee, spoke at the meeting.

SHENZHEN MAYOR ON ZONE'S ECONOMIC TRANSITION

HK071358 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1440 GMT 6 Aug 86

[Report by Wu Yixun: "Shenzhen Mayor Li Hao Says That the Shenzhen Special Economic Zone Will Undergo a Transition From a Founding Stage to a Mature State"]

[Text] Shenzhen, 6 Aug (ZHONGGUO XINWEN SHE) -- Shenzhen Mayor Li Hao said at a large meeting here today that in 3 years' time from the second half of this year, the Shenzhen Special Economic Zone will undergo a transition from a founding stage to a mature stage.

Li Hao said: The mature stage has four characteristics: 1) The special economic zone's economic mode will cover a free economy, independent enterprises, a high degree of opening up, and special policies. 2) An outward-oriented economic system with industry as its main component will be established under which we can combine industry with trade, increase foreign exchange earnings through exports, and form a rational industrial structure and product mix. It will export 60 percent of its industrial products, improve its ability to increase foreign exchange earnings through exports, and enable its enterprises to strike a positive balance of foreign exchange. Taking its total export of \$700 million for this year as a basic figure, it will increase its foreign exchange earnings through exports by \$100 million a year. Three years later, that is, by 1989, it will increase its foreign exchange earnings through exports to \$1 billion. 3) It will further perfect its legislation and establish its preferential policies in a legal form. A duty free system will be implemented within the special economic zone so as to facilitate entry and exit for people from Hong Kong, Macao, and abroad and to gradually turn it into a free trade zone. 4) It will keep its fine national ideological and cultural traditions and raise spiritual civilization to a new height.

According to the above ideas, Li Hao said that the work of the special economic zone for the second half of this year is as follows: It will strive to fulfill various economic targets set at the beginning of this year and will make great efforts so that its GNP will amount to 3.3 billion yuan, its gross industrial output value 3 billion yuan, its revenue 850 million yuan, and its foreign exchange income 1.15 billion yuan. It will further improve the environment for investments. It will work out an overall, well coordinated, and perfect reform plan. It will explore an economic mode suited to the economic structure of the special economic zone.

Reviewing the work for the first half of this year, Li Hao said: In some important economic fields, the special economic zone has extricated itself from the most difficult predicament and thus enabled its economy to embark on the road of steady, sustained, coordinated, and healthy development. This has manifested itself as follows: It has controlled the scale of capital construction, and its capital construction target for this year has increased from 1.65 billion yuan to 2 billion yuan. Bank credit funds are beginning to relax. By the end of June, bank deposits stood at 3.6 billion yuan, an increase of 748 million yuan over the beginning of last year and a rise of 26.2 percent. The balance of loans was 5 billion yuan, an increase of 90 million yuan. The debit difference in deposits dropped from 2.06 billion yuan in the beginning of this year to 1.4 billion yuan, a decrease of 32 percent. Eighty-seven new industrial enterprises were put into operation in the first half of this year. Most of these enterprises are equipped with advanced technology and have strong competitiveness, thereby improving the reserve strength of the city's industrial development.

HENAN CADRES URGED NOT TO RELAX RECTIFICATION WORK

HK100350 Zhenzhou HENAN RIBAO in Chinese 29 Jul 86 p 1

[Report by Wang Zhijie: "The Provincial Discipline Inspection Work Conference Stresses That the Work of Rectifying Party Work Style Should Not Be Relaxed"]

[Text] The provincial discipline inspection work conference which ended on 26 July, emphatically pointed out: The work of rectifying party work style should not be relaxed. The vast numbers of discipline inspection cadres should understand, and have an intimate knowledge of, the economic and reform conditions in their localities and strive to serve, support, and protect the reform.

At the meeting, the spirit of the discipline inspection work forums in East and Central South China was relayed and the experiences of various localities and cities in rectifying party work style were exchanged. Lin Yinghai, secretary of the provincial Discipline Inspection Commission, spoke at the meeting.

Comrade Lin Yinghai said: After several years of hard work, a favorable momentum has emerged in the work of rectifying party work style in our province. A situation whereby the whole party pays attention to party work style has initially taken shape, yielding positive results. However, a small number of units are still slow to react or fail to take strong measures. There are also some people who mistakenly hold that the work of rectifying party work style has been relaxed. In truth, the central policy has not changed. Party organizations at all levels should neither hesitate nor waver. They should not act unhurriedly but should persevere in grasping party work style and do practical work to tackle tough problems. Comrade Lin Yinghai said: A good or bad party work style has a direct bearing on the success or failure of the reform. Unhealthy practices have hindered not only the normal progress of economic work but also the smooth progress of reform in various trades. The relationship between engaging in the four modernizations, rectifying party work style, and carrying out the reform is one between the body and the two wings. Only when the two wings flap together is it possible for the great cause of the four modernizations to take off. While carrying out the reform, rectifying party work style, and grasping economic work, all departments should pay attention to rectifying unhealthy practices. Only in this way can the reform and the rectification of party work style promote each other. [paragraph continues]

Comrade Lin Yinghai called on the vast numbers of discipline inspection cadres in our province to conscientiously study the party's principles and policies in the new period, to understand, and familiarize themselves with, the economic work and reform conditions in the localities, to serve, support, and protect the reform, and to investigate and punish those who obstruct and sabotage the reform.

On the question of how to understand the importance of effecting a fundamental turn for the better in party work style, Comrade Lin Yinghai said: There is only a little more than a year for us to fundamentally improve party work style as laid down by the 12th CPC National Congress. Some prefectures and cities have put forward criteria for judging a fundamental improvement of party work style. Should the province establish a unified criterion? We do not think there is a need for it. However, there must be one condition that is, a good party work style must be approved by the masses. So long as party committees and discipline inspection committees at all levels resolutely and perseveringly grasp this work in line with the instructions and plans of the CPC Central Committee and the provincial party committee, it is possible to rapidly effect a fundamental turn for the better in party work style.

HUBEI LEADER URGES CRACKING DOWN ON ECONOMIC CRIME

HK071346 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 6 Aug 86

[Text] On 3 August, at a meeting of all prefectural, city, and autonomous prefectural chief procurators, directors of the offices for cracking down on economic crimes, court presidents, and judicial bureau directors throughout the province, Zhao Fulin, deputy secretary of the provincial CPC Committee, spoke. He stressed: It is necessary to wage a penetrating struggle against economic crime and to support and promote the healthy development of reform.

Zhao Fulin said: The aims of both reform and cracking down on economic crime are identical and are to eliminate malpractices in society, to develop the social productive forces, and to do a good job in the four modernizations. They rely on and promote each other and cannot be antagonistic to each other. To develop reform healthily, it is essential to have good party style and general mood of society as a guarantee. Likewise, to do well in grasping cracking down on economic crime, it is imperative to have success in reform. Only by constantly and penetratingly perfecting reform and ensuring that there are regulations and laws formulated for all economic activities can all loopholes be effectively stopped up and the number of economic crimes greatly reduced.

Zhao Fulin demanded: In our practical work, we must really and organically link grasping reform with grasping cracking down on economic crime. We must both crack down and give assistance. That is to say, we must both resolutely crack down on economic criminals who avail themselves of the loopholes of reform and in accordance with the problems of economic management discovered in the course of handling of cases, help the units handling cases sum up experiences and lessons, establish regulations and systems, stop up loopholes, and promote the economy. We must sternly crack down on economic crime, take a clean-cut stand in supporting reform, and warmly help the comrades who make mistakes in the course of reform to correct their mistakes and continuously advance.

WUHAN GOVERNMENT WARNS ENTERPRISES ON BANKRUPTCY

OW100714 Beijing XINHUA in English 0649 GMT 10 Aug 86

[Text] Wuhan, August 10, (XINHUA) -- Wuhan City Government in central China has issued warnings against bankruptcy to two state-owned factories, according to a spokesman of the city government today.

The time limit is one year and if they failed to halt their loss making plummet within the prescribed time limit, they will be pronounced bankrupt, the spokesman said. The two factories are the Wuhan measuring and cutting tools factory and the Wuhan experimental cloth mill.

The measuring and cutting tools factory, with 610 workers, has suffered losses for 11 years since it was built 17 years ago. In the first half of this year, it suffered losses amounting to 310,000 yuan to bring the total losses to 3.72 million yuan. Its debt is equivalent to 72 percent of its total fixed assets.

The experimental cloth mill with 890 workers sustained losses of 255,000 yuan in the first half of this year, with debt amounting to 3.37 million yuan, accounting for 65.9 percent of its total fixed assets.

Earlier this month, a collectively-owned factory in northeast China's Liaoning Province was declared bankrupt for failing to respond to the government's warning.

HUBEI CPC SECRETARY PRAISES NEW COMMERCIAL FORM

HK071544 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 5 Aug 86

[Excerpts] Yesterday morning, Guan Guangfu, secretary of the provincial CPC Committee, delightedly visited the Wuhan City Agricultural and Sideline Products Wholesale and Trade Market, praising as a good method this third commercial form in which production directly meets marketing. He called for promoting this commercial form throughout the province.

Over the past few years, Wuhan City has done much in breaking separations between departments and areas and in reducing middle links in the course of reforming the circulation system. It has set up some comprehensive markets with the coexistence of various economic elements and channels. [passage omitted]

The Wuhan City Agricultural and Sideline Products Wholesale and Trade Market, which was set up on the basis of the original (Qiaokou) Vegetable Trade and Service Market, is scheduled to start operations today. This is the first large comprehensive wholesale market in the province. [passage omitted]

Guan Guangfu talked with (Zhang Kunyun), a specialized peasant operator engaged in vegetable transport from Maping Town, Yingshan County. When (Zhang Kunyun) told him that people can boldly do business here without any worries, Guan Guangfu said that this place links the urban and rural economy. We must never forget the power and influence of this linking place. [passage omitted]

Wang Qun, deputy secretary of the provincial CPC Committee and first secretary of the Wuhan City CPC Committee, Lin Shaonan, vice chairman of the provincial People's Congress Standing Committee, and (Han Hongshu), director of the provincial Financial Office, visited the wholesale and trade market together with Comrade Guan Guangfu [passage omitted]

SICHUAN CADRES GOING TO GRASS ROOTS HOLD MEETING

HK071132 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 6 Aug 86

[Excerpts] On 1 and 2 August, the provincial CPC Committee Organization Department held a meeting of representatives of provincial organ cadres sent down to the grass-roots level. Nie Ronggui, deputy secretary of the provincial CPC Committee, provincial Vice Governor Gu Jinchi, and (Ma Jingxiu), director of the provincial CPC Committee Organization Department, attended the meeting and spoke.

Thirty-seven representatives attended the meeting. In accordance with the instruction of the provincial CPC Committee on sending cadres to work in remote mountainous areas, they and other young and middle-aged cadres from 34 provincial departments commissions, offices, and bureaus have been sent to work in 35 countries in the provinces old revolutionary; base, minority nationality, remote, and mountainous areas. Most of them have assumed leading posts at county, district, and town levels.

On behalf of the more than 500 cadres of provincial organs who were sent to grass-roots level, the representatives reported to the provincial CPC Committee on how they have worked and tempered themselves in these areas, and exchanged experiences in going deep into grass-roots units to build mountainous areas. [passage omitted]

Provincial CPC Committee Deputy Secretary Nie Ronggui and Vice Governor Gu Jingchi listened to speeches by the representatives. They fully affirmed the experiences achieved by the cadres and put forth demands and requests on the cadres.

Comrade Nie Ronggui pointed out that sending cadres to the grass-roots level to temper them is a correct method, and good results have been achieved. This practice should be continued. He encouraged the comrades going to grass-roots level to study hard, to merge with the masses, to carry out work in a down-to-earth manner, to acquire experience in grass-roots work, and to upgrade their ability to exercise leadership. He also demanded that the cadres often report situations at grass-roots level to provincial, prefectural, and city leading organs and relevant departments and act as good bridges.

Comrade Gu Jingchi briefed the representatives on industrial and agricultural production in the province. He demanded that comrades going to the grass-roots level thoroughly investigate the strong and weak points of their areas in economic field and seriously study new problems on how to promote lateral economic ties, how to develop the economy, how to properly use funds for assisting the poor, and how to carry out structural reform in old revolutionary base, minority nationality, and remote areas.

XIZANG'S WU JINGHUA MEETS PARTY SCHOOL GRADUATES

HK081338 Lhasa Xizang Regional Service in Mandarin 1130 GMT 7 Aug 86

[Excerpts] The 6-day forum of leading comrades of the regional CPC Committee and the first group of 40 graduates of the Central Party School who had received 3 years of regular education and graduated from the refresher course department on the exploration of the way to invigorate Xizang's economy concluded on the afternoon of 2 August. Wu Jinghua, secretary of the regional CPC Committee, and Deputy Secretary Dangzin, delivered important speeches on Xizang's work and tasks at present and for in the future.

On the morning of 28 July, leading comrades of the regional CPC Committee and regional Advisory Commission, including Wu Jinghua, Mao Rubai, Dangzin, Gyanincain Norbu, Hu Songjie, and Zhang Xiangming, came to the meeting place and met the 40 students. Comrade Wu Jinghua shook hands with the students one by one and inquired about their study, age work, and families. He expressed a warm welcome to the comrades who had successfully completed their study tasks and returned to Xizang as they are most needed to work in Xizang. He heartily rejoiced at this. He extended many thanks to the Central Party School for helping Xizang train so many qualified persons. [passage omitted]

The forum participants were told: In the midst of pressing affairs, the regional CPC Committee Standing Committee members have invited you here to directly talk with you because they want to listen to your views on Xizang's principle of work from the enlarged meeting of the regional CPC Committee Standing Committee at the end of last year up to the present. They want to listen to your views on how to promote Xizang's work [passage omitted] It is hoped that comrades will act as masters of your own affairs and tell the truth. [passage omitted]

Over the past few days, in accordance with intention of this forum held by the regional CPC Committee and with the demands put forward by leading comrades that truth be told, the 40 students have applied the theory and knowledge which they learned and mastered at the Central Party School and, in light of Xizang's work and realities, talked about many very good views. They particularly put forward strategic views on doing a good job in Xizang's economy, making people happy and rich as soon as possible, and doing well nationality, religious, and united front work in Xizang, which is nationality well region with very great characteristics, and handling well the dialectic relations of promoting economic development.

WU JINGHUA MEETS WORKERS OF LHASA HOTEL

HK070927 Lhasa Xizang Regional Service in Mandarin 1130 GMT 6 Aug 86

[Text] On the afternoon of 6 August in the Lhasa hotel, leading comrades of the regional party and government including Wu Jinghua, Doje Cering, and Mao Rubai met General Manager (Silile) of the United States; Assistant Superintendent (Huang Bingqiang); (Longweihu), a British teacher; Miss (Buzi); and 45 workers of the Beijing Lido Hotel who have come to work in the Lhasa Hotel.

Wu Jinghua, secretary of the regional CPC Committee; and Doje Cering, deputy secretary of the regional CPC Committee and chairman of the regional people's government, spoke at the meeting. Comrade Wu Jinghua hoped that the comrades of Xizang who are working in the Lhasa hotel will humbly learn advanced technology and experience in management from all men and women coming from Beijing, abroad, and Hong Kong and make the Lhasa hotel a first-class international hotel. At the same time, he also hoped that all the men who came from seven countries and regions and to operate the Lhasa hotel would sincerely impart their experience to Xizang comrades.

BEIJING ADVISORY COMMISSION CHAIRMAN ELECTED

OW091959 Beijing XINHUA Domestic Service in Chinese 1446 GMT 9 Aug 86

[Text] Beijing, 9 Aug (XINHUA) -- Wang Xian was elected chairman of the Advisory Commission of the Beijing Municipal CPC Committee at the commission's plenary session today. Lu Yu and Liu Jianfu were elected additional vice chairmen of the commission.

Jiao Ruoyu, former chairman of the Advisory Commission of the Beijing Municipal CPC Committee, and 19 other veteran comrades voluntarily requested to step down from their posts as chairman, vice chairmen, Standing Committee members, and Advisory Commission members because they were getting on in years.

SHANXI GOVERNOR STRESSES ECONOMIC REFORMS

HK080215 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 7 Aug 86

[Excerpts] Governor Wang Senhao and Vice Governor Bai Qingcai recently listened to reports on work in Changzhi and Yuncheng Cities. They pointed out that it is essential to put reform in the first place, support and protect reform, boost economic work, and resolutely fulfill this year's production and construction tasks.

Speaking on economic structural reforms, the leading comrades pointed out that reform is essential in order to invigorate the state and enrich the nation. Without reform, there is no way out and no hope. The keys to enterprise reform are, first, the plant manager responsibility system, and second, internal economic responsibility systems. The enterprises will enjoy invigoration if these two matters are handled well.

After instituting the plant manager responsibility system, the plant manager has policymaking powers in production operations and in administrative management. The contents and methods of the work of the plant party committee undergoes a great change, since the work focus has to be shifted to grasping the building of spiritual civilization. [passage omitted]

The main reason why some enterprises have not done well in implementing the plant manager responsibility system is that the party secretary and the manager are unable to unite. We must on the one hand institute some organizational regulations to ensure that the secretary and manager have clear division of duties and responsibilities [words indistinct]. On the other hand, we must make some organizational readjustments and ensure that people with a good standard of policy and professional work are serving in these posts.

The leaders must support and protect reform and create a relaxed external environment for it. At present certain people's initiative for reform encounters censure. Certain plant managers have run their enterprises very well, but then people are sent to investigate them because complaints were lodged, with the result that production is wrecked. We cannot tolerate this. The leaders must therefore stand out and take a firm and clear-cut stand in supporting and protecting reforming comrades. [passage omitted]

HEILONGJIANG'S SUN WEIBEN MEETS NEWSPAPER EDITORS

SK100515 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 9 Aug 86

[Text] The national forum of chief editors of various provincial papers held by the Propaganda Department of the CPC Central Committee opened in Harbin City today. Zhong Peizhang, director of the Information Bureau under the Propaganda Department of the CPC Central Committee, presided over the forum. (Peng Cheng), deputy head of the Propaganda Department of the CPC Central Committee, attended the forum. The major topic of this forum is to probe into the propagation of the economic and political structural reforms and the reform of newspaper pattern in an effort to conform to the new situation of reform and opening to the outside world.

This afternoon, leaders of the provincial party committee and the provincial government, including Sun Weiben, Li Genshen, Liu Chengguo, Zhang Xiangling, Huang Feng, and Liu Zhonggu; as well as Qi Guiyuan, head of the Propaganda Department of the provincial party committee, received the participants in the forum.

JILIN CITY SUFFERS FROM SEVERE FLOOD DAMAGE

SK090712 Changchun Jilin Provincial Service in Mandarin 2100 GMT 8 Aug 86

[Text] Since the beginning of the flood season this year, the average rainfall in Siping has reached 446.3 mm, showing that the rain has been plentiful and concentrated. As of 30 July, the flow rate of the Dongliao He floodcrest reached 1,300 cubic meters per second, doubling that of the flow rate of the highest flood crest last year and greatly exceeding the designed capacities of dikes. The accumulated water thus is creating disasters. The waters inside and outside the city has caused 46 breaches in the embankments along the Dongliao He sections in Shuangliao and Lishu Counties and Gongzhuling City. Areas covering more than 100 li on both sides of the Dongliao He are a vast expanse of water. Sixty villages in the city are inundated by the flood, 330,000 houses have collapsed, and 3 million mu of farmland has been damaged. Heavy losses also have been incurred in animal husbandry, water conservancy projects, and other materials. Some railroads and highways were closed.

During the critical moment of flood, leading comrades of Siping City and its subordinate cities and counties rushed to the flood scenes and directed the antiflood work in a timely manner. The PLA units stationed in Siping City, the Siping Military Subdistrict, and the reserve forces also rushed to the antiflood frontline the same night. More than 250,000 soldiers and civilians participated in the anti-flood and rescue work.

At present, 153,000 flood victims have been dispersed to villages which have not been hit by flood disasters and to areas where the flood situation is not serious. The city as a whole has dispatched 16 medical teams to the disaster areas to provide medical care. Cadres in areas which have not been hit by disasters or where the disaster situation is not serious have actively participated in removing silt, draining the waterlogged land, reinforcing anti-flood and water conservancy facilities, strengthening the capacity to prevent flooding and waterlogging, losing no time to accumulate farm manure, and striving to reap a bumper harvest in an effort to make up for the disasters with a rich harvest.

Gao Di Inspects Flooding

SK100734 Changchun Jilin Provincial Service in Mandarin 0930 GMT 9 Aug 86

[Text] At 1000 this morning, Gao Di, secretary of the provincial party committee, went to Meihekou City to study the situation of combating floods and doing rescue work.

Immediately upon leaving his car, Comrade Gao Di listened to reports on the anti-flood and rescue work from (Jiang Xincun), secretary of the Meihekou City party committee, and (Li Bingchang), mayor of the city; and then inspected the disaster situation. Comrade Gao Di maintained that the losses caused by the flood in Meihekou City were very serious. He expressed satisfaction with the city's anti-flood and rescue work.

Comrade Gao Di said: Meihekou City is an economic center. Afflicted by serious disasters over the past 2 years in succession, the city is faced with relatively grave difficulties. Being dialectical materialists, we can change bad into (?good). At present, our task is to help disaster victims rapidly restore production and rebuild their homeland. We can never reassure disaster victims until we have provided a settled life for them. In providing a settled life for disaster victims, we should have a good planning, and by rebuilding new residential quarters, we should ensure safety. At the same time, we should provide the masses with good transportation service and strive to promote development of commodity production and the courtyard economy.

Comrade Gao Di said: There are many paddy fields and water conservancy projects in Meihekou City. Problems with irrigation and drainage equipment would affect irrigation not only this year, but also next year. Therefore, we should try our best to restore irrigation and drainage equipment which can be restored. Flood prevention and draining waterlogged land should be carried out as quick as possible. We should conduct investigations on which rivers easily overflow their banks and which dams are easily breached, and then offer programs to solve these problems.

Comrade Gao Di pointed out: We should accelerate readjusting the structure of irrigation work in rural areas. In developing agriculture, the focus should be placed on disaster areas, and in rebuilding disaster areas, the focus should be placed on the production structure. Urban areas should bring along the rural areas, industry should promote agriculture, and enterprises should give support to villages. If possible, industrial departments should compensate for losses of agricultural departments, and do their best to support disaster areas.

Comrade Gao Di said in conclusion: During the current anti-flood work, many good people and good deeds have emerged. They have included party members, cadres, members of the PLA, and the masses. Their deeds should be vigorously summed up and publicized.

LIAONING CAPITAL FACTORY DECLARES BANKRUPTCY

OWO71102 Beijing XINHUA in English 1019 GMT 7 Aug 86

[Text] Shenyang, August 7 (XINHUA) -- The bankruptcy of a collectively-owned factory here is a "good beginning" for the current effort to get rid of excess government interference in economic affairs, a senior party official said here today.

"In dealing with factories that should be declared bankrupt," said Li Zemin, secretary of the Shenyang City party committee, "the government has used administrative measures to incorporate them into profit-making enterprises in disregard of the will of the latter." "This actually makes industrial enterprises subsidiary bodies of the government, which violates the laws governing the development of the commodity economy," he said.

The Shenyang Explosion-Proof Apparatus Plant was declared bankrupt last Sunday for incurring debts far exceeding the total value of its fixed assets. This was the first case of bankruptcy ever recorded in China.

Of Shenyang's 4,500 industrial enterprises, 560 are producing at a loss. "Excess government interference is one major factor for this," the party secretary said. "From now on, the government should exercise an indirect control over factories," he said.

Shenyang, a leading industrial center in north China, is one of a few cities designated by the central government to find ways of transforming China's rigid economic system. "One task for us is to show how to make all factories able to be responsible for their own losses and profits," Li Zemin said.

The bankruptcy of the explosion-proof apparatus factory has made factory leaders throughout Shenyang to think what to do to avoid the same fate, Li said.

Zhang Guode, director of Shenyang clutch factory, a state-owned enterprise, felt he was urged to find new methods to improve management. "Otherwise, we may also go bankrupt," he told XINHUA. The factory, with a staff of 1,700, produces a dozen varieties including seven which have won prizes for outstanding quality. "Although we are still making profits," Zhang explained, "the competition is getting fiercer and sales of automobile parts are not good."

The pressure is even heavier for Ding Yi, whose brick factory had deficits. "I have to fight hard for the survival of the factory," he said. "I would be done for if the factory is declared bankrupt now." "But I am sure I can make it stand up again, if I am given another two or three years for improvement," he said.

The workers of the explosion-proof apparatus factory bore the brunt of the latest move to make the city's industries more efficient. "To us, the only hope is to find a new job earlier," one said. Those in the factory who have reached the retirement age will be pensioned off, and the government will help those disabled workers find new jobs. The rest will receive technical and managerial training before they are recommended for new work by labor service companies. Pending the period, they will receive monthly allowances which are less than their original wages.

LANZHOU MILITARY REGION HOLDS ARMY DAY PARADE

HK090139 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 7 Aug 86

[Excerpts] The units directly under the headquarters of Lanzhou Military Region held an Army Day parade below Maanshan on the morning of 7 August. The parade began at 0935 amid the strains of the national anthem. Lanzhou Military Region Commander Zhao Xianshun and Political Commissar Li Xuanhua, Gansu Provincial CPC Committee Secretary Li Ziqi, and Governor Jia Zhijie reviewed the troops on parade.

The parade was divided into 14 squadrons, including artillery, armored, engineering, and antichemical warfare troops. [passage omitted]

Zhao Xianshun made a speech at the parade. He congratulated the units directly under the military region headquarters for their achievements in modernization, regularization, and revolutionization. He called on the commanders and fighters to cultivate a fine combat style and strict organizational discipline in the new situation, build the Army as soon as possible into a modern force able to meet the needs of future warfare, and make new contributions to defending and building the great northwest.

LANZHOU PLA USES SIMULATION EQUIPMENT IN WAR GAME

OW090045 Beijing Domestic Service in Mandarin 1100 GMT 6 Aug 86

[Text] A new automatic simulation system for command post operations was used recently for the first time during a war game by an Army group under the PLA Lanzhou Military Region. The system includes microcomputers, television sets, graphic instruments, and rapid communications equipment, and can simulate future operational conditions and tactical and strategic changes. The system can also depict defensive and offensive campaign operations, as well as antiairborne defense under different conditions.

During the war game, as soon as the commanders' operational plans were fed into the computers, they were immediately analyzed. The conclusions enabled the commanders to understand whether their plans were inferior or superior, or whether they had succeeded or had failed in their operations. This has further raised the commanders' leadership quality.

The leaders and experts who viewed the simulated war exercise held that the use of the simulation system was an important breakthrough in China's military training, and a major achievement in modernizing China's Armed Forces.

SONG HANLIANG WELCOMES ATHLETES TO XINHIANG

OW092042 Beijing XINHUA Domestic Service in Chinese 1645 GMT 9 Aug 86

[By reporter Tang Xiaoke]

[Excerpts] Urumqi, 9 Aug (XINHUA) -- The Xinjiang Uygur Regional CPC Committee and people's government held a grand reception this evening to welcome athletes, coaches, and representatives of the central authorities, and various provinces, municipalities, and autonomous regions, as well as compatriots from Hong Kong and Macao and foreign friends attending the second traditional sports meet of China's minority nationalities.

Song Hanliang, secretary of the Xinjiang Regional CPC Committee, gave a speech. [passage omitted]

Tomur Dawamat, chairman of the Xinjiang regional people's government, presided over the reception. [passage omitted]

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C H I N A
TAIWAN

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CHIANG CHING-KUO SAID TO SEND NOTE TO PRC'S DENG

OW091217 Tokyo KYODO in English 1205 GMT 9 Aug 86

[Text] Hong Kong, Aug 9 KYODO -- A Hong Kong magazine says Taiwan's President Chiang Ching-kuo has sent a letter to China's senior leader Deng Xiaoping, suggesting that Taiwan should control six Chinese coastal provinces in the event of reunification with the mainland. But Gen. Chiang also said Taiwan would give up the six provinces if it failed to raise the average per capita income there above 2,000 dollars within three years of reunification, according to the monthly magazine "CHING PAO," to be published Sunday.

It said Chiang's letter was recently carried to Deng by Chen Hsiang-mei, [Anna Chennault] the widow of a U.S. General, who is also close to President Ronald Reagan. Sources here say she is the only person who can talk to both Deng and Chiang privately.

But the pro-China magazine said its article concerning Chiang's national unification proposal is based on rumors circulating in Beijing. The report has not been independently confirmed and Taiwan sources here deny that Chiang has written to Deng.

Gen. Chiang in his six-point proposal said the military should stay away from politics and that records of national reunification negotiations should be made public, according to the magazine. Taiwan has maintained a policy of not contacting, talking with or making a compromise with the authorities on the mainland.

PENTAGON ANNOUNCES PLANS FOR ARMS SALES TO TAIWAN

OW091107 Taipei CNA in English 0940 GMT 9 Aug 86

[Text] Washington, Aug. 8 (CNA) -- The U.S. Department of Defense announced formally Friday a U.S. \$260 million package of foreign military sales (FMS) to the Republic of China [ROC] for the life extension of the service of the S-2E/G anti-submarine aircraft.

"The proposed sale of these articles and services is consistent with United States law and policy, as expressed in Public Law 96-8 (The Taiwan Relations Act)," said a Pentagon news release.

According to the Defense Department, the sales includes service life extension of and additional avionics for two S-2E/G aircraft to develop to prototype S-2(T) aircraft, plus 30 kits and engineering services for in-country modification by Taiwan of 30 S-2E/G aircraft to the S-2(T) configuration. In other words, after the implementation of the sales, the ROC's fleet of 32 S-2E/G will become S-2G, a new configuration. The Pentagon, however, declined to give detailed information about the equipment involved in the sales.

The ROC intends to use these aircraft to provide self-defense anti-submarine warfare capability, noted the Pentagon.

"The sale of this equipment and support will not affect the basis military balance in the region," added the Defense Department.

The prime contractor will be the Grumman Aerospace Corporation, but the Department of Navy will have responsibility for transactions related to this sales, it said. The Defense Department also pointed out implementation of this sale will not require the assignment of any additional U.S. Government personnel; however, 30 contractor representatives will be required in Taiwan for three years. The Congress has been notified of the sale.

OFFICIAL OUTLINES TERMS FOR HONG KONG RESETTLEMENT

HK100334 Hong Kong SUNDAY STANDARD in English 10 Aug 86 p 5

[By Yan Mei-ning]

[Text] Under the existing nationality laws, Taiwan provides the easiest escape route for lower middle class Hong Kong people wishing to flee from the territory before 1997.

A top Taiwan official responsible for Overseas Chinese affairs put this message across clearly in Taipei last week to a visiting Hong Kong delegation of educational and labour groups.

The official, who did not wish to be named, told the SUNDAY STANDARD at the same occasion that all individuals with an ethnic Chinese father were automatically entitled to Republic of China (ROC) nationality, regardless of their place of birth or their permanent place of resident.

The ROC nationality status remains valid even if the holder acquires nationality in another country, because Taiwan accepts dual nationality.

Individuals with a Chinese father will only have their ROC nationality taken away if they apply to the Ministry of the Interior for cancellation.

Under these nationality arrangements, any Overseas Chinese, including Hong Kong Chinese, can settle in Taiwan once he is granted an entry visa, without any minimum investment or other complications.

The official explained to the delegation that there are two ways by which Overseas Chinese can settle in Taiwan.

"Overseas Chinese can stay in Taiwan simply as nationals of another country. In such cases, they have to apply for extension of their visas when they expire," said the officials.

"Another method is to settle as nationals with dual nationality. These Overseas Chinese need to register their households with the local District Office where they are to have their permanent residence. It is very convenient and approval only takes 20 days."

But the official also made it clear that Overseas Chinese who choose to stay in Taiwan through the latter channel have the same rights and obligations as any other ROC nationals do in Taiwan, including the duty to perform military service.

"An exception will only be granted to nationals from countries like Malaysia, which strictly forbids its nationals from joining the military forces of another country."

Given the 1997 problem, the official said, the Taiwan Government at the moment is helping Hong Kong Chinese by granting preferential terms to those who wish to buy houses on the island.

"Each Hong Kong Chinese buying his or her first dwelling in Taiwan is allowed a loan equivalent to 80 percent of the value of the house, to be repaid in installments over a 15-year term.

"Only houses with a value over NT [New Taiwan] \$5 million need a guarantee. These preferential terms are offered only to Overseas Chinese from Hong Kong."

Mr Cheng Shin-hsiung, director of the Department of Overseas Affairs of the Kuomintang's Central Committee, told the SUNDAY STANDARD on another occasion during the trip that the Taiwan Government is still working on a comprehensive plan to enable Hong Kong people to settle in Taiwan before the Communist takeover of Hong Kong in 1997, and this will be announced soon.

"It seems that the ROC has not made any concrete indication so far. We have, in fact, done a lot of preparation work and it is our basic policy that Hong Kong Chinese are our people and we are willing to accept them in Taiwan," said Mr Cheng.

Unlike many countries now wooing Hong Kong immigrants, Mr Cheng said Taiwan was not seeking to attract extremely wealthy people.

"We are practising Dr Sun Yat-sen's Three Principles of the People, which stress the factor of equality. As a middle class country, we welcome lower middle class people from Hong Kong," Mr Cheng explained.

"Hong Kong Chinese will come to settle in Taiwan with their whole families. We therefore have to make appropriate arrangements concerning all aspects of their daily lives.

"Due to differences in dialects and systems, the breadwinners, even professionals such as teachers and lawyers, may have difficulty in finding jobs in Taiwan," he said.

CPC CENTRAL LEADERS MEET IN BEIDAIHE

HK080323 Hong Kong WEN WEI PO in Chinese 8 Aug 86 p 2

["Special dispatch" from Correspondent Cheng Hsiang: "News From Beidaihe"]

[Text] Beijing, 7 Aug -- Beginning mid-July, China's political decision-making center was temporarily moved from Beijing to Beidaihe, a summer beach resort some 400 km away from Beijing. Since 1983, such a move has been made every year, and it seems like an unwritten system. Xishan in Beidaihe is now the location of the CPC Central Committee's General Office, the CPC Central Secretariat, and the State Council. A vice premier is left in Beijing to take care of the capital's routine affairs. Each day, the express service between Beijing and Shenyang has a special carriage for responsible cadres of various departments who are summoned to Beidaihe to report on their work and to transport documents and supplies. When some VIP's go to and from Beidaihe, a special train will be dispatched. Sometimes, some important foreign statesmen are also invited to Beidaihe. They are taken by plane from a military airport in Beijing's western suburbs to Shanhaiguan Airport, and then carried by special car to Xishan.

The Deep Influence of the "Meetings on Principles"

The Beidaihe meeting is a meeting to discuss general principles. The state leaders gather to discuss state affairs in an informal way and in an easy atmosphere. They sum up work in the first half of the year and work out general plans for work on the first half of the year and work out general plans for work in the second half. In general, they merely discuss general principles rather than concrete matters. The leaders work only in the morning, and go swimming in the afternoon after a midday rest.

Although meetings of the central leaders in Beidaihe merely deal with general principles, their importance has become more and more obvious in the past few years. Many important policies were in fact formulated at these meetings. The atmosphere of the meetings in Beidaihe has also affected the development of things.

Preparations Are Made for the Convening of the Sixth Plenum of the Current CPC Central Committee

This is the reason people are paying close attention to this year's Beidaihe meeting. What new message will it give to people throughout the country?

It is said that a major subject for this year's Beidaihe meeting is making preparations for the Sixth Plenum of the CPC Central Committee, which will be held in late September.

According to the original plan, the sixth plenum of the Central Committee was to be held in October, but now it has been decided to convene this meeting at an earlier time. A major subject for the Central Committee plenum is the adoption of a resolution on the building of spiritual civilization. People attending the Beidaihe meeting are preparing the draft of this resolution. This reporter has approached some informed people and asked them about this matter. They said that the spirit of this document is in line with Hu Qili's speeches in Shanghai in April concerning spiritual civilization. In fact, this Central Committee resolution on the ideological issue will just officially affirm the spirit of Hu Qili's speeches on behalf of the party central leadership in the form of a party resolution.

Hu Qili's speeches in Shanghai in April contained the following main points: First, reform must be fully affirmed; second, he denied that the building of spiritual civilization goes against reform and stressed that these two aspects should be combined; third, the banner of human rights, democracy, and freedom should not be left in the hands of capitalism and these things should also be upheld in socialism; fourth, the theoretical circles should be bold in making explorations and should not be confined within Marxism; and fifth, it is necessary to provide a harmonious environment for literature and art creations. The informed people said that the sixth plenum's resolution will also include these main points.

Discussions on Political Structural Reform

Apart from preparing for the convention of the Sixth Plenum of the Central Committee, the Beidaihe meeting is also discussing the upsurge in nationwide discussions on political structural reform. At present, these discussions among the people have attracted the attention of the top leaders. Of course, it is not possible that the party central leading core has reached a unanimity on the fundamental issue of political structural reform. Therefore, the message which has come out of Beidaihe will cool the heads of the people who are enthusiastic about promoting this reform. The message is:

-- People are allowed to discuss political structural reform, but the adoption of any concrete reform steps should be postponed.

-- The purpose of any political structural reform must be to adhere to the party's leadership, and the four basic principles must not be abandoned.

-- China's current political system as a whole is basically suited to the needs of economic development. Only some partial things in this system are not suited or not completely suited to the needs of economic development.

These points, to a certain degree, reflect the fact that at the Beidaihe meeting, the central leaders still have some misgivings about political structural reform (for example, they may fear that the party's leading position and the four basic principles may be negated), and that no agreement has been reached in this regard (so political reform is to be postponed).

Deng Xiaoping Again Expresses His Hope for Retirement

Another notable subject discussed by people in Beidaihe is personnel affairs. Deng Xiaoping has once again said that he wants to retire from office. However, other leaders do not agree, saying that he is still in good health and can continue at the helm. It is said that Deng Xiaoping often asks people around him whether he should retire while he is still healthy or continue to work until he dies at his desk, and which situation would be more favorable to China's situation. When meeting with Nikaido, a visiting Japanese statesman, Deng also asked him this question.

It seems that the personnel arrangements at the 13th CPC National Congress next year will find expression at the current Beidaihe meeting.

COLUMN VIEWS PRC-MONGOLIA TREATY, SOVIET TROOPS

HK100825 Hong Kong HSIN WAN PAO in Chinese 10 Aug 86 p 1

["News Talk" column: "The Sino-Mongolian Consular Treaty and Soviet Troops Withdrawal"]

[Text] New developments have recently occurred in Sino-Mongolian relations. Liu Shuqing, vice minister of foreign affairs responsible for the Asia-Pacific region, who was invited to visit Mongolia, yesterday signed a Sino-Mongolian consular treaty with Yondon, first deputy vice minister of the Mongolian Ministry of Foreign Affairs.

This is the first consular treaty to be signed by China and Mongolia. It is the first time the two countries have signed a treaty demonstrating friendship since the downturn in their relations in the 1960's.

According to the treaty, "China and Mongolia have decided to conclude a consular treaty based on their desire to develop mutual ties of friendship, cooperation, and good-neighborliness, in order to strengthen consular relations and protect the interests of the two countries and their citizens."

This is in marked contrast with the unfortunate incident that occurred in the spring of 1983. In March that year, Mongolia forcibly evicted in batches 1,764 Overseas Chinese who were living in Ulaanbaatar. The PRC Foreign Ministry made representations with the Mongolian Foreign Ministry on 14 occasions concerning this affair, without ever finding out the reason, and in the end it lodged a serious protest, and relations between the two sides became even colder.

Following the signing of the consular treaty, the Overseas Chinese issue can be handled through official channels and principles. This creates conditions for the two countries to live together in friendship and strengthen cooperation.

The press communique issued by China and Mongolia also states that the two sides have had a full exchange of views on developing relations and on certain international issues of common concern.

The communique did not state what these "certain international issues of common concern" are. However, it is obvious that these were related to the withdrawal of Soviet troops from Mongolia.

One of the three big obstacles to improving Sino-Soviet relations as listed by China is the stationing of 1 million Soviet troops on the Sino-Soviet border, including Soviet troops stationed in Mongolia. There is a 4,600 km common border between China and Mongolia. Mongolia's population is only 1.5 million, and the role of the 100,000 Soviet troops stationed there can only be explained as a threat to China.

China has on many occasions proposed to the Soviet Union and Mongolia that these Soviet forces should be withdrawn. The Soviet Union has insisted on not withdrawing them, while the Mongolian Government issued a statement in March 1964 declaring that the stationing of Soviet troops in Mongolia was "an internal Mongolian affair, and purely a matter of Mongolia-Soviet relations." It said that "it cannot be held that the stationing of Soviet troops in Mongolia is an obstacle to the normalization of Sino-Soviet relations."

Changes have taken place in both the Soviet Union and Mongolia during the past 2 years. First, Batmonh replaced Tsedenbal as general secretary of the Mongolian People's Revolutionary Party, and second, Gorbachev is now in charge in the Kremlin. CPC Central Committee General Secretary Hu Yaobang also visited Arlian on the Sino-Mongolian border in Autumn 1984, when he expressed the desire for friendly coexistence with Mongolia. There has also been an increase in border trade. At the end of last year, China's Nei Monggol signed a border trade agreement with Mongolia.

Three new developments have recently occurred over the issue of Soviet troops stationed in Mongolia.

First, Gorbachev spoke on policy toward the Asia-Pacific region in Vladivostok on 28 July. Speaking on his desire for a further improvement in relations with China, he said that the Soviet Union is at present discussing with the Mongolian leadership the question of withdrawing "a substantial portion of the Soviet troops" from Mongolia.

Second, Moscow announced on the same day that Mongolia's Batmonh had arrived in the Soviet Union by invitation for "a vacation."

Third, the Mongolian Government issued a statement on 31 July "welcoming" Gorbachev's recently expounded policies and ideas on the Asia-Pacific region. The government also said that it "fully supports the new Soviet proposals," including the withdrawal of a "substantial portion" of the Soviet troops in Mongolia.

It was against this background that Vice Minister Liu Shuqing was invited to Mongolia. However, Gorbachev did not mention when the Soviet troops would be withdrawn from Mongolia, nor how many would be involved. New reports and revelations will have to be awaited on this question and on the views of China and Mongolia regarding relations with the Soviet Union.

PRC TO FIGHT HONG KONG DOLLAR CIRCULATION

HK090328 Hong Kong HONGKONG STANDARD in English 9 Aug 86 Business Section p 1

[Text] Beijing plans to combat the problems caused by the circulation of Hong Kong currency in the Shenzhen Special Economic Zone. The municipal government of Shenzhen and the People's Bank of China are actively pursuing a solution to the matter with assistance of the Bank of China. And a game plan is expected to be ready in the "not too distant future."

The action was revealed yesterday by Mr. Zhang Hongyi, general manager of Bank of China, Shenzhen Branch, who recently became vice-mayor of Shenzhen.

"This is likely to result in the promulgation of new regulations governing the currency market of the special economic zones (SEZ's)," he said.

The urgency of an early solution to the problem apparently mounted in light of Beijing's wish to scrap the circulation of Foreign Exchange Certificate (FEC) in the country before the end of this year, as revealed two weeks ago by Mr Zhao Bingde, managing director and vice-president of Bank of China.

Mr Zhang acknowledged that Hong Kong dollar, FEC and renmenbi has been in parallel circulation in Shenzhen for quite some time. Though a foreign currency, Hong Kong dollar enjoys a similar size of circulation as the local currency, both of which separately enjoys a greater circulation than FEC's.

"In light of the scrapping of FEC's upcoming in the near future and the possible impact of such a move to the country, Beijing is now actively studying ways to strengthen the regulation on the financial market when the move comes into effect," he said.

"Despite a general solution applicable to the whole of China is being worked out, some special provisions specifically applicable to Shenzhen are also being actively pursued," he said. Apparently, this move was prompted by the fact the Hong Kong dollar is mainly circulated in the Shenzhen SEZ.

There are indications that, unlike Shenzhen, there may not be any specific provisions designed for the remaining SEZ's of China.

"We must acknowledge the fact that the circulation has a certain place in the currency market of Shenzhen," he said.

With the scrapping of FEC's, the currency market of Shenzhen will definitely undergo a structural adjustment. Mr Zhang said the Shenzhen authorities are studying the issue with a view to proposing new legislation to govern the restructured currency market of Shenzhen in light of the change.

On a reported suggestion that FEC's is likely to be scrapped on September 30, both Mr Luo Xianrong, governor of the People's Bank, Shenzhen Branch, and Mr Zhang said that they have not received any such notice from the capital.

HONG KONG BASIC LAW COMMITTEE SCHEDULE ADVANCED

HK110232 Hong Kong HONGKONG STANDARD in English 11 Aug 86 p 2

[Text] Drafters of the Basic Law, Hong Kong's post-1997 constitution, has moved its next meeting one month ahead of schedule, the STANDARD has learnt.

The Basic Law Drafting Committee, commissioned by China's National People's Congress, was scheduled to meet in late November. It is not known why it has been brought forward, tentatively to October 29-31.

The date, if fixed, will clash with the Legislative Council's [Legco] policy debate on the situation. And among the 23 Hong Kong drafters, seven are Legco members.

The five drafting sub-groups are expected to present at the committee meeting their reports on views collated from the public.

The most notable delegation dealing with the future political system will arrive in the middle of next month.

Other delegations also due next month are those involved in studying the local economic system, cultural aspects and education.

Meanwhile, some members of the Basic Law Consultative Committee are worried that their views could not be faithfully reported. They blamed it on the working procedures of the consultative body.

One member, Father Louis Ha, after studying the first draft report on the Special Administrative Region's political system, said it failed to give due weight to the various views.

The draft was prepared by the group's Secretariat. If approved by the plenary session on August 30, it will be submitted to the Basic Law Drafting Committee.

"Most of us in the group hoped the report could reflect the main trend of thought," Fr Ha said.

"But the report recorded on an equal footing all views aired ...A majority view was balanced by a single opposition," he said.

Another member, Mr Chang Ka-mun was also critical of the report.

"It has something to do with the constitution of the Consultative Committee. The constitution requires dissenting views to be incorporated, no insistence on unanimity nor decision by voting," he said.

"Nevertheless, we should reach a consensus as far as we can. The spirit of the constitution is not to reject consensus. If we have a majority view, it should be faithfully recorded," Mr Chang said.

He stressed the importance of consensus.

"Otherwise, the Consultative Committee would not be serving its purpose of helping the drafting work," he said.

In this regard, Fr Ha said some members suggested some sort of questionnaire be designed to capture members' preferences.

BEIJING MAYOR TO HEAD PRC DELEGATION TO MOSCOW

HK111108 Hong Kong HSIN WAN PAO in Chinese 11 Aug 86 p 4

["Special Dispatch From Beijing": "Beijing Mayor Chen Xitong To Visit Moscow"]

[Text] At Moscow's invitation, Beijing Mayor Chen Xitong is to head a municipal government delegation leaving for Moscow on 17 August for a visit of approximately 2 weeks.

This is the first time since the 1950's for a mayorial-level visit between Beijing and Moscow to take place. In 1956, the then Beijing Mayor Peng Zhen visited Moscow and other East European countries as head of an NPC delegation.

Prior to Mayor Chen Xitong's visit to Moscow, Arkhipov, first deputy chairman of the Presidium of the USSR Council of Ministers, held talks with Vice Premier Li Peng in March 1986 on Sino-Soviet cooperation in economics, trade, and science and technology. A matter of concern is the ninth round of Sino-Soviet negotiations at the deputy ministerial level, to be held in Beijing in October this year.

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